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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of January 2001

Mediation Practice Direction

The Board Seeks Comment on Mediation Practice Direction

The Board has a new initiative under way to explore how mediation can be used to resolve disputes during detailed route hearings for oil and natural gas pipelines.

The draft Mediation Practice Direction was sent out for comment during the week of 11 January to various landowners and industry stakeholders across the country. The document was prepared for a pilot project undertaken by the Board during a detailed route hearing for the Maritimes & Northeast Pipeline Management Ltd.'s Halifax and Saint John Laterals. During this project, both the company and landowners

expressed a high level of interest in resolving objections through mediation rather than the hearing process.

The Board is also seeking comments and suggestions for using alternative dispute resolution tools for other types of applications considered by the Board.

Comments that are received will be analyzed and once the Mediation Practice Direction has been finalized, mediation will be available to participants in detailed route hearings. Comments received on the use of alternate dispute resolution in other applications may lead to further discussion with stakeholders.

Public Hearing Applications

Hearing in Progress

1. *Westcoast Energy Inc. (Westcoast) - Purchase a Pipeline - GHW-2-2000 (Files 3200-W005-10 and 3400-W005-258)*

The Board is holding a written public hearing on an application by Westcoast to purchase a

pipeline in the Maxhamish area of northeast British Columbia.

Westcoast proposes to purchase, from AEC Oil & Gas Co. Ltd. (AEC), approximately 67.6 kilometres (42 miles) of 323.9 millimetre (12 inch) pipeline and associated facilities. AEC built the pipeline

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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during the winter of 1998/1999 to transport dehydrated hydrocarbon liquids. Westcoast plans to use the facility as a sour raw gas transmission pipeline.

Hearings Scheduled

1. *Murphy Canada Exploration Ltd. (Murphy) - Pipeline Construction - GH-1-2001 (File 3400-M085-1)*

The Board will hold a public hearing commencing on 15 February in Calgary, Alberta on an application by Murphy to construct and operate the Chinchaga Sales Gas Loop in Northern British Columbia and Alberta.

Murphy applied to construct a sales gas pipeline loop comprising approximately 17.2 kilometres (10.3 miles) of 323.8 millimetres (12 inches) pipeline beginning at the existing Pioneer Natural Resources Canada Inc. (PNRC) facilities in the Chinchaga area of British Columbia, 130 kilometres (80 miles) north of Fort St. John, and terminating at the PNRC compressor station, 130 kilometres (80 miles) northwest of Manning, Alberta. The estimated cost of the project is \$4.23 million and the proposed in-service date is 15 March 2001.

2. *Sumas Energy 2, Inc. (Sumas or SE2) - International Power Line (File 2200-S040-1)*

The Board held a preliminary hearing from 18 to 20 January in Abbotsford, British Columbia to consider various motions as follows:

- extending the deadline for filing interventions;
- environmental effects in Canada of Sumas' proposed power plant to be located in the U.S.;
- postpone the hearing on the issue of the environmental effects in Canada of Sumas' power plant;
- presentation of evidence and cross-examination of witnesses for the main hearing;
- time limit for Option 1 intervenors, not presenting expert evidence, for the presentation of their oral evidence; and,
- dates for Option 1 intervenors presenting expert evidence to file their written evidence and reports.

The Board's decisions on the above matters were as follows:

- the extension of the deadline for filing interventions was extended by one day;
- the Board postponed to 19 February the hearing to consider the issue of the environmental effects in Canada of Sumas' proposed power plant to be located in the U.S.;
- the Board changed the order for the presentation of evidence and the cross-examination of witnesses;
- the Board decided not to establish time limits for Option 1 intervenors to present their oral evidence;
- Option 1 intervenors wishing to call expert evidence or file reports must do so by 2 April 2001.

The Board's decisions have resulted in changes to the upcoming hearing schedule on the SE2 application to construct an international power line in British Columbia. The Board postponed to 19 February the preliminary hearing on a motion by Sumas concerning the environmental effects in Canada of Sumas' proposed power plant to be located in Sumas, Washington. The Board also rescheduled to 23 April the date for the commencement of the main public hearing to consider the application to construct the international power line.

SE2 applied to construct a 230 kilovolt power line originating in the United States and crossing the international boundary near Abbotsford. The proposed power line would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights-of-way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

The proposed facility would enable Sumas to transmit power from the international border through the Clayburn substation to the main electric grid which services British Columbia, Alberta and 11 western U.S. states.

3. *Enbridge Pipelines Inc. (Enbridge) - Pipeline Construction Terrace Expansion Phase II - OH-1-2000 (File 3200-E101-3)*

The Board will hold a public hearing commencing on 19 March in Calgary, Alberta on an application from Enbridge to construct oil pipeline facilities which comprise Phase II of its Terrace Expansion Program.

Enbridge applied to construct approximately 123 kilometres (76 miles) of 914 millimetre (36 inch) pipeline over three separate construction segments located between its Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal. The applied-for facilities are the second phase of a multi-phase Terrace Expansion Program agreed upon by industry and Enbridge. Terrace Phase I was approved by the Board in 1998. The estimated cost of the expansion facilities is \$140 million and the proposed in-service date is the first half of 2002.

Proposed Hearing Application

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Preliminary Submission for the Proposed Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 7 March, GSCPL filed a preliminary environmental scoping submission regarding a proposed application to construct and operate a natural gas pipeline to Vancouver Island, British Columbia. The company expects to file an application early in 2001.

On 28 September, the Board decided to refer the GSX Project to the Minister of the Environment for a referral to a review panel. On 4 October, the Minister of the Environment announced that the GSX Project will be sent to an independent environmental assessment review panel.

The proposed pipeline would transport natural gas from Sumas, Washington to Duncan on Vancouver Island. The Canadian portion of the 406.4 millimetre (16 inch) pipeline would originate at a point on the international border in Boundary Pass, Strait of Georgia, and interconnect

with the existing Centra Gas British Columbia transmission system at a point south of Duncan, British Columbia. The Canadian portion of the pipeline would be approximately 50 kilometres (31 miles) in length, with approximately 37 kilometres (23 miles) being offshore and 13 kilometres (eight miles) onshore. The pipeline would have a capacity of 2.832 million cubic metres (100 million cubic feet) of natural gas per day. The estimated cost of the Canadian portion of the facilities is \$57 million and the planned in-service date is November 2002.

Hearings Adjourned and Postponed

1. *St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Coral Energy Canada Inc. (Coral) - Electricity Export (File 6200-C362-1)*

On 25 January, the Board approved an application dated 30 November 2000 from Coral for permits to export up to 1 000 megawatts and 5 000 gigawatt hours of firm power and energy and 5 000 gigawatt hours of interruptible energy per year for a period of 10 years (Permits EPE-173 and EPE-174).

2. *NRG Power Marketing Inc. (NRG) - Electricity Export (File 6200-N083-1)*

On 25 January, the Board approved an application dated 9 November from NRG for permits to export up to 1 000 megawatts and 2 000 gigawatt hours of firm power and energy and 1 000 gigawatt hours of interruptible energy per year for a period of 10 years (Permits EPE-171 and EPE-172).

Matters Under Consideration

3. *El Paso Merchant Energy, L.P. (El Paso) - Electricity Export (File 6200-E036-1)*

On 11 December 2000, El Paso applied for permits to export up to 1 000 megawatts of firm and interruptible power and up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

4. *Independent Electricity Market Operator of Ontario (IMO) - Electricity Export (File 6200-J027-1)*

On 15 December 2000, IMO filed an application to export electricity as a border accommodation to provide emergency assistance to neighbouring jurisdictions in the United States for 25 years.

Natural Gas Matter

Matter Under Consideration

1. *Engage Energy Canada, L.P. (Engage) - Transfer of Several Gas Export Licences*

For more information on this matter, refer to item 4 under *Other Applications, Natural Gas Matters* in issue No. 70 the *Regulatory Agenda* dated 1 October 1999.

Pipeline Matters

Matter Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

3. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

Traffic, Tolls and Tariff Matters

Matter Completed

1. *TransCanada PipeLines Limited (TCPL) - 2001 Interim Tolls (File 4400-T001-21)*

On 25 January, the Board approved TCPL's proposed interim tolls, effective 1 February, as contained in its application dated 7 December 2000, and confirmed on 21 December 2001 (AO-1-TGI-6-2000).

On 8 December, the Board had approved an application dated 7 December from TCPL for interim tolls effective 1 January 2001 (Order TGI-4-2000). Subsequent to its decision, the Board received two letters from interested parties which alleged certain irregularities concerning the Toll Task Force Procedures that were followed in arriving at the resolution regarding interim tolls. On 19 December, the Board decided to review its decision regarding the appropriate level of interim tolls for TCPL effective 1 January 2001. The Board decided that

TGI-4-2000 be rescinded and that a new toll order be issued which set interim tolls for one month (1 January to 31 January 2001) at the current toll level, that is the final 2000 tolls (Order TGI-6-2000).

The Board held a written process to decide the appropriate level of interim tolls to be in effect 1 February 2001.

Matters Under Consideration

2. *Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (South B.C.) and Foothills Pipe Lines (Sask.) Ltd. - Year 2001 Operating and Maintenance Expense Budgets (File 4750-F6-2)*

On 1 December 2000, Foothills applied, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2001.

On 21 December 2000, the Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2000 costs and the analysis of the 2000 operating and maintenance expense variances due to be filed with the Board by the end of February. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2001 equal to 50 per cent of the budgets submitted (Order TGI-7-2000).

3. *Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)*

On 25 August 2000, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August 2000, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September 2000, the Board, at the request of Murphy, extended the dates for the filing of submissions.

4. *Trans Mountain Pipe Line Company Ltd. (TMPL) - Incentive Toll Settlement (ITS) 2001 - 2005 (File 4200-T004-8)*

On 27 December 2000, the Board approved an application dated 12 December 2000 from TMPL for approval of interim tolls, effective 1 January (TOI-3-2000). The interim tolls were calculated in accordance with the principles agreed to and included in a Memorandum of Understanding dated 6 November 2000 between TMPL, the Canadian Association of Petroleum Producers (CAPP) and Chevron Canada Limited (Chevron) with respect to a second five-year ITS for the period 1 January 2001 to 31 December 2005.

On 19 December 2000, TMPL applied for approval of the ITS and tolls calculated in accordance with it. On 25 January, the Board decided to seek comments from interested parties on the ITS. Interested parties have until 8 February to file comments and TMPL has until 15 February to reply to any comments received.

FRONTIER MATTERS

Frontier activities for December 2000 and January 2001

- 1. *BP Canada Energy Company*** received approval on 19 January to "Alter Condition of a Well", pursuant to paragraph 80(1)(b) of the Canada Oil and Gas Drilling Regulations (COGDR), for the following wells:

Pan Am Pointed Mountain K-45A, and
Amoco A-4 Pointed Mountain A-55.
- 2. *Canadian Forest Oil Ltd.*** received approval on 4 January for "Authority to Drill a Well", pursuant to section 83(1) of the COGDR, for the CDN Forest et al North Liard C-31A well.
- 3. *Canadian Forest Oil Ltd.*** received approval on 12 January for the "Well Termination Record", pursuant to section 184 of the COGDR, for the CDN Forest et al North Liard C-31 well.

4. **Devlan Exploration Inc.** received approval on 25 January for "Authority to Drill a Well", pursuant to section 83 of the COGDR, for the following wells:
Devlan et al Ontaratue River L-48,
Devlan et al Tree River B-10, and
Devlan et al Thunder River E-65.
5. **Imperial Oil Resources Limited** received approval on 17 January, pursuant to paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act*, to proceed with artificial lift conversions for the following wells:
Esso Norman Wells M-18X,
Esso Norman Wells K-22X,
Esso Norman Wells K-17X, and
Esso Norman Wells M-24X.
6. **Paramount Resources Ltd.** received approval on 12 December for "Authority to Drill a Well", pursuant to section 83 of the COGDR, for the Para et al Fort Liard N-01 well.
7. **Paramount Resources Ltd.** received approval on 20 December, pursuant to subsection 58(6) of the *Canada Oil and Gas Production and Conservation Regulations*, for the Para et al Fort Liard O-35 well.
8. **Paramount Resources Ltd.** received approval on 21 December to "Alter Condition of a Well", pursuant to paragraph 80(1)(b) of the COGDR, for the Para et al Fort Liard O-35 well.
9. **Paramount Resources Ltd.** was issued on 11 January a "Declaration of Commercial Discovery", pursuant to the Part II.1, Section 28.2 of the *National Energy Board Act* and Part IV, Section 35 of the *Canada Petroleum Resources Act*, with respect to certain lands operated by in the Cameron Hills area of the North West Territory.
10. **Paramount Resources Ltd.** received approval on 15 January for "Authority to Drill a Well", pursuant to section 83(1) of the COGDR, for the Para et al Fort Liard P-45 well.
11. **Paramount Resources Ltd.** received approval on 26 January, pursuant to paragraph 80(1)(b) of the COGDR, to re-complete the Para et al Fort Liard O-35 well.
12. **Petro-Canada Inc.** received approval on 30 January for "Authority to Drill a Well", pursuant to section 83 of the COGDR, for the PC Anderson Kurk M-15 well.
13. **Purcell Energy Ltd.** received approval on 21 December to "Alter Condition of a Well", pursuant to paragraph 80(1)(b) of the COGDR, for the Purcell et al Liard F-25A well 21 December 2000.
14. **Geological, geophysical or geotechnical operation** - eleven applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act* as follows:

Company	Area	Operation ID	Date
Petro-Canada Inc.	Mackenzie Delta	9329-P028-003E	08 December 2000
Anderson Resources Ltd.	Mackenzie Delta	9329-A066-001E	15 December 2000
Devlan Exploration Inc.	Tree River	9229-D028-001E	18 December 2000
AEC West Ltd.	Mackenzie Delta	9329-A061-001E	21 December 2000
Burlington Resources Canada Energy Ltd.	Mackenzie Delta	9329-B063-001E	03 January 2001
Shell Canada Resources Limited	Mackenzie Delta	9329-S006-009E	03 January 2001
Chevron Canada Resources Limited	Mackenzie Delta	9329-C004-002E	17 January 2001
Northrock Resources Ltd.	Tertiary Creek	9229-N046-002E	17 January 2001
Canadian Natural Resources Limited	Colville	9229-C144-001E	19 January 2001
Canadian Natural Resources Limited	Colville	9233-C144-001E	23 January 2001
Petro-Canada Inc.	Mackenzie Delta	9329-P028-004E	25 January 2001

Appeals and Review

Appeals

Review

Appeals Pending

1. *Athabasca Chipewyan First Nation v. British Columbia Hydro and Power Authority (BC Hydro)*

The Athabasca Chipewyan First Nation filed an application with the Federal Court of Appeal for leave to appeal a decision of the Board dated 6 January 1999 in which it issued an export permit to BC Hydro to allow it to undertake certain export arrangements. The Appeal, together with No. 2 below, will be heard on 14 February.

2. *British Columbia Wildlife Federation and the Steelhead Society of British Columbia (BC Wildlife et al.) v. British Columbia Hydro and Power Authority (BC Hydro)*

The BC Wildlife et al. filed an application with the Federal Court of Appeal for leave to appeal a decision of the Board dated 6 January 1999 in which it issued an export permit to BC Hydro to allow it to undertake certain export arrangements. The Appeal, together with No. 1 above, will be heard on 14 February.

3. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

The Board is proposing new goal-oriented *Processing Plant Regulations* to complement the *Onshore Pipeline Regulations*, 1999. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations*, 1999.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

2. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

The Board is moving towards the implementation of Electronic Regulatory Filing (ERF). An analysis of the legal issues surrounding implementation of ERF has been prepared and is available on the Board's Internet site at www.neb.gc.ca under *Electronic Regulatory Filing, Other ERF Documents*.

Regulations under the *National Energy Board Act* and the *Canada Oil and Gas Operations Act* have been examined. The most extensive changes are to the Rules. Amendments to the Rules will enable parties to file all required regulatory documentation via electronic means. Changes to the other regulations are largely of an administrative nature.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 185-A000-3)*

On 18 December, the Board enacted amendments to the Rules to provide for reforms to the Rules respecting the mechanism by which a pipeline company may acquire an interest in lands. As a result, sections 55 and 56 of the Rules are being replaced. This amendment was published in the *Canada Gazette, Part II* on 3 January 2001 as instrument SOR/2001-30.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

The Board is proposing replacing the existing Diving Regulations with goal-oriented Diving Regulations. Instead of specifying various aspects of the diving operations, these new Regulations put the responsibility on the Operators to develop and demonstrate how their dive plan specifications and procedures meet the objectives of the Regulations.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

The above mentioned two regulations have been updated and re-structured into one Regulation entitled the *Canada Oil and Gas Drilling and Production Regulations* (the Regulations). The Regulations will establish the requirements for engineering, safety and environmental, and conservation of resources issues pertaining to the design, construction, operation and abandonment of exploration and production facilities under the *Canada Oil and Gas Operations Act*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

6. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing Pipeline Crossing Regulations, Part II with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of the company's employees and the protection of property and the environment.

The Board expects to have draft regulations available for public comment in 2001.

7. *National Energy Board Cost Recovery Regulations (CRR) - (Files 620-A000-8 and 175-A000-72)*

The Board is proposing amendments to the CRR. The proposed amendments cover three policy changes to the existing regulations:

- (i) integration of commodity pipelines into the cost recovery scheme;
- (ii) creation of a special charge for greenfield pipelines; and
- (iii) creation of a cap on cost recovery charges equal to two per cent of the cost of service of a pipeline company.

The proposed amendments to the CRR were reviewed by the Department of Justice under the *Statutory Instruments Act*. On 21 December, the Board approved the final version of the regulations and authorized pre-publication in Part 1 of the *Canada Gazette*.

8. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

ADMINISTRATIVE MATTERS

Documents Issued in January

Pamphlet

Living and Working Near Pipelines: Landowner Guide 2001 - Updated

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 – Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Canadian Hunter Exploration Ltd.	File: 3400-C87-12) Order: XG-C87-82-2001	Application dated 3 January; approved on 18 January. Construct the 700 metre East Ring Boarder Pipeline from Alberta to British Columbia.	272 660
Consumers' Gas (Canada) Ltd.	File: 3400-C283-15 Under Review	Application dated 31 October. Construct a reinforcement tap installation in the City of Brampton. On 15 November, the Board requested additional information from Consumers'.	10 000
Duke Energy Canada Pipeline Ltd.	File: 3400-D28-2 Order: XG-D28-83-2001	Application dated 17 November; approved on 12 January. Construct a tie-in from the Kaiser pipeline to the Duke Energy West Doe Line.	10 000
Maritimes & Northeast Pipeline Management Ltd.	File: 3400-M124-9 Order: XG-M124-02-2001	Application dated 31 October; approved on 23 January. Construct custody transfer facilities for Semptra Atlantic Gas Inc. at Dartmouth, Nova Scotia.	1 370 000
	File: 3400-M124-10 Order: XG-M124-03-2001	Application dated 16 November; approved on 23 January. Construct custody transfer facilities for Semptra Atlantic Gas Inc. at New Glasgow, Nova Scotia.	1 230 000
	File: 3400-M124-8 Under Review	Application dated 29 September. Construct the Point Tupper Pressure Reducing Station facilities. On 21 December 2000 and 26 January 2001, the Board sent letters to M&NP requesting additional information.	2 000 000
Westcoast Energy Inc.	File: 3400-W5-263 Order: XG-W5-1-2001	Application dated 21 November; approved on 16 January. Replace and lower 110 metres of the Montney Pipeline at the St. John Creek crossing.	129 000
Westcoast Energy Inc.	File: 3400-W005-257 Under Review	Application dated 24 August. Modifications to the Laprise, Martin Wargen and Aitken Creek Extension pipelines. On 19 October, the Board requested additional information from Westcoast.	487 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-30 Order: XO-E101-01-2001	Application dated 20 November 2000; approved on 19 January. Thirteen projects.	2 358 400
	Files: 3400-E101-32 & 33 Order: XO-E101-2-2001	Applications dated 5 January; approved on 26 January. Upgrade the Hilton Station and instal a pressure relief valve at the Clarkson Station, both in Ontario.	2 470 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of February 2001

Damage Prevention Regulations

Survey Results

On 15 February, the Board released the results of a survey conducted last fall on proposed new regulations, to be called the Damage Prevention Regulations, that are targeted at preventing damage to pipelines under the Board's jurisdiction.

Approximately 350 surveys were sent to interested companies, groups and individuals to obtain feedback on what should or could be included in the new regulations. In the surveys returned, more than 80 per cent of respondents indicated strong support for a number of damage prevention activities including: one-call centres for NEB regulated pipelines; accuracy requirements for location of pipelines; standardized crossing designs; recommended development set backs based on land use; development of minimum qualifications for pipeline locators and the development of standards for awareness programs.

The Board intends to use the information gathered through the survey to develop draft Damage Prevention Regulations that will be circulated to interested companies, groups and individuals later this year. This is particularly important given the broad range of Canadians who will be affected by this proposed regulation. Distribution of the draft regulations will be followed by meetings across the country to obtain comments and gather feedback.

The new Damage Prevention Regulations will replace the existing Pipeline Crossing Regulations. The new regulations will govern activities on or adjacent to pipeline rights of way in the interest of the public safety and company employees as well as the protection of the environment and personal property.

The results of the survey can be found on the Board's Internet site at www.neb.gc.ca.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Gas Development in the Northwest Territories

Preliminary Information Package

The chairs of the boards and agencies with responsibility for assessing and regulating energy developments in the Northwest Territories issued a document entitled *Guidance on Provision of a Preliminary Information Package for Gas Development in the NWT*. The information provided in response to this package will assist the boards and agencies in a timely evaluation of potential approaches for a coordinated review process.

The parties involved include:

- the National Energy Board,
- the Mackenzie Valley Environmental Impact Review Board,
- the Environmental Impact Screening Committee and Review Board for the Inuvialuit Settlement Region,
- the Canadian Environmental Assessment Agency,
- the Department of Indian Affairs and Northern Development,

- the Mackenzie Valley Land and Water Board,
- the NWT Water Board,
- the Inuvialuit Land Administration,
- the Inuvialuit Game Council,
- the Sahtu Land and Water Board,
- the Gwich'in Land and Water Board, and
- the Government of the Northwest Territories.

In late November 2000, the parties met for the first time to explore their willingness to cooperate and coordinate the review process for northern gas development. A number of cooperative approaches have been identified under existing legislation. The approaches developed to date have application to both a Mackenzie Valley and a Beaufort offshore route from Alaska.

The document entitled *Guidance on Provision of a Preliminary Information Package for Gas Development in the NWT* can be found on the Board's Internet site at www.neb.gc.ca.

Public Hearing Applications

Recent Hearing Decision

1. *Murphy Canada Exploration Ltd. (Murphy) - Pipeline Construction - GH-1-2001*
(Files 3400-B032-3 and 3400-M085-1)

Decision read from the Bench on 22 February; Reasons for Decision to be issued at a later date.

The Board approved an application by Murphy to construct and operate the Chinchaga Sales Gas Loop in Northern British Columbia and Alberta (Order XG-M085-08-2001).

Murphy will construct a sales gas pipeline loop comprising approximately 17.2 kilometres (10.3 miles) of 323.8 millimetres (12 inches) pipeline beginning at the existing Pioneer Natural Resources Canada Inc. (PNRC) facilities in the Chinchaga area of British Columbia, 130 kilometres (80 miles) north of Fort St. John, and terminating at the PNRC compressor station, 130 kilometres (80 miles) northwest of Manning, Alberta. The estimated cost of the project is \$4.7 million and the proposed in-service date is 15 March 2001.

The Board considered the application at a public hearing held from 15 to 22 February in Calgary, Alberta.

Hearing in Progress

1. *Westcoast Energy Inc. (Westcoast) - Purchase a Pipeline - GHW-2-2000*
(Files 3200-W005-10 and 3400-W005-258)

The Board is holding a written public hearing on an application by Westcoast to purchase a pipeline in the Maxhamish area of northeast British Columbia.

Westcoast proposes to purchase, from AEC Oil & Gas Co. Ltd. (AEC), approximately 67.6 kilometres (42 miles) of 323.9 millimetre (12 inch) pipeline and associated facilities. AEC built the pipeline during the winter of 1998/1999 to transport dehydrated hydrocarbon liquids. Westcoast plans to use the facility as a sour raw gas transmission pipeline.

Hearings Scheduled

1. *Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)*

On 19 February, the Board adjourned, until further notice, the hearing that began on that day as well as the hearing scheduled to begin on 23 April regarding an application by SE2 to construct an international power line in British Columbia.

At the opening of the hearing on 19 February in Abbotsford, British Columbia, the Board stated it had become aware on Friday 16 February that the Washington State Energy Facility Site Evaluation Council (EFSEC) would be recommending to Washington State Governor Locke that he deny the SE2 application to build a gas-fired electric energy facility in Sumas, Washington. The Board also noted it had received, late the same day, motions from Mr. Randy White, MP and Counsel for the City of Abbotsford and the Fraser Valley Regional District requesting an adjournment of the 19 February hearing. As well, the Board was advised by telephone that SE2, the Sierra Legal Defence Fund and the Province of British Columbia also supported the motions for adjournment.

In its deliberations on 19 February, the Board considered the motions for adjournment. It decided to grant the motions and ordered that the EH-1-2000 hearing schedule and the hearing scheduled to begin 23 April be suspended until further order by the Board.

SE2 applied to construct a 230 kilovolt power line originating in the United States and crossing the international boundary near Abbotsford. The proposed power line would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights-of-way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

2. *Enbridge Pipelines Inc. (Enbridge) - Pipeline Construction Terrace Expansion Phase II - OH-1-2000 (File 3200-E101-3)*

The Board will hold a public hearing commencing on 19 March, in Calgary, Alberta, on an application from Enbridge to construct oil pipeline facilities which comprise Phase II of its Terrace Expansion Program.

Enbridge applied to construct approximately 123 kilometres (76 miles) of 914 millimetre (36 inch) pipeline over three separate construction segments located between its Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal. The applied-for facilities are the second phase of a multi-phase Terrace Expansion Program agreed upon by industry and Enbridge. Terrace Phase I was approved by the Board in 1998. The estimated cost of the expansion facilities is \$140 million and the proposed in-service date is the first half of 2002.

Proposed Hearing Application

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Preliminary Submission for the Proposed Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 7 March, GSCPL filed a preliminary environmental scoping submission regarding a proposed application to construct and operate a natural gas pipeline to Vancouver Island, British Columbia. The company expects to file an application in 2001.

On 28 September, the Board decided to refer the GSX Project to the Minister of the Environment for a referral to a review panel. On 4 October, the Minister of the Environment announced that the GSX Project will be sent to an independent environmental assessment review panel.

The proposed pipeline would transport natural gas from Sumas, Washington to Duncan on Vancouver Island. The Canadian portion of the 406.4 millimetre (16 inch) pipeline would originate at a point on the international border in Boundary Pass, Strait of Georgia, and interconnect with the existing Centra Gas British Columbia transmission system at a point south of Duncan, British Columbia. The Canadian portion of the pipeline would be approximately 50 kilometres (31 miles) in length, with approximately 37 kilometres (23 miles) being offshore and 13 kilometres (eight miles) onshore. The pipeline would have a capacity of 2.832 million cubic metres (100 million cubic feet) of natural gas per day. The estimated cost of the Canadian portion of the facilities is \$57 million and the planned in-service date is November 2002.

Hearings Adjourned and Postponed

1. *St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *El Paso Merchant Energy, L.P. (El Paso) - Electricity Export (File 6200-E036-1)*

On 11 December, El Paso applied for permits to export up to 1 000 megawatts of firm and interruptible power and up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

2. *Independent Electricity Market Operator of Ontario (IMO) - Electricity Export (File 6200-J027-1)*

On 15 December, IMO filed an application to export electricity as a border accommodation to provide emergency assistance to neighbouring jurisdictions in the United States for 25 years.

On 7 February, the Board sent a letter to IMO requesting additional information.

Natural Gas Matters

Matter Completed

1. *Enron Canada Corp. (Enron) - Revocation of Natural Gas Export Licence GL-268 (Files 7200-E069-3-2 and 7200-E021-3-2)*

On 30 January, the Board approved an application dated 21 December 2000 from Enron to revoke natural gas export Licence GL-268. Under the Licence Enron exported natural gas to supply its market in the U.S. Northeast.

Matter Under Consideration

2. *Engage Energy Canada, L.P. (Engage) - Transfer of Several Gas Export Licences*

For more information on this matter, refer to item 4 under *Other Applications, Natural Gas Matters* in issue No. 70 the *Regulatory Agenda* dated 1 October 1999.

Pipeline Matters

Matter Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwam Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

3. Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

4. Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)

On 31 January, WEI applied for approval to construct the following facilities:

- approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a-74-G/93-1-15 in British Columbia to a proposed receipt point at LSD 5-3-63-11-W6M in Alberta (Grizzly Extension Pipeline); and,
- approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site at d-57-G/93-1-9 in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline at c-53-F/93-1-9 in British Columbia.

The proposed facilities will permit WEI to connect additional Grizzly Valley gas reserves in the Ojay/Weejay area of British Columbia and the

Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

On 20 February, the Board sent a letter to WEI requesting additional information.

5. Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)

On 15 December, WEI applied for approval to construct upstream facilities in order to debottleneck the Pine River Plant, which is located 30 kilometres (18.6 miles) south of Chetwynd, British Columbia, and gas from the Grizzly Valley Raw Gas Transmission System. The applied-for facilities, which would expand raw gas deliveries to meet the Pine River Plant's initial design residue gas capability, include: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well. The proposed gas stripper facility and the booster compressor unit would be located 29 kilometres southeast of the Pine River Plant. The estimated cost of the project is \$95.5 million.

Traffic, Tolls and Tariff Matters

Matter Completed

- 1. TransCanada Pipelines Limited (TCPL) - 2001 Tolls Task Force (TTF) - Resolution 01.2001 (File 4775-T001-1/2001-1)**

On 14 February, the Board approved an application dated 9 February from TCPL for the TTF Resolution 01.2001 - Extension of the Foreign Exchange and Interest Rate Management Programs.

Matters Under Consideration

- 2. Enbridge Pipeline Inc. (Enbridge) - Amend the Incentive Toll Settlement (Files 4400-E101-1 and 4775-E101-1-1)**

On 2 February, Enbridge applied for approval to amend the 2000-2004 Incentive Toll Settlement by changing the formula used to determine its annual Net Revenue Requirement.

On 22 February, the Board decided to seek comments of interested parties on the application.

Parties have until 2 March to comment and Enbridge has until 9 March to respond to comments received.

3. *Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (South B.C.) and Foothills Pipe Lines (Sask.) Ltd. - Year 2001 Operating and Maintenance Expense Budgets (File 4750-F6-2)*

On 1 December, Foothills applied, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2001.

On 21 December, the Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2000 costs and the analysis of the 2000 operating and maintenance expense variances due to be filed with the Board by the end of February 2001. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2001 equal to 50 per cent of the budgets submitted (Order TGI-7-2000).

4. *Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)*

On 25 August, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River

pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September, the Board, at the request of Murphy, extended the dates for the filing of submissions.

5. *Trans Mountain Pipe Line Company Ltd. (TMPL) - Incentive Toll Settlement (ITS) 2001 - 2005 (File 4200-T004-8)*

On 27 December, the Board approved an application dated 12 December from TMPL for approval of interim tolls, effective 1 January (TOI-3-2000). The interim tolls were calculated in accordance with the principles agreed to and included in a Memorandum of Understanding dated 6 November between TMPL, the Canadian Association of Petroleum Producers (CAPP) and Chevron Canada Limited (Chevron) with respect to a second five-year ITS for the period 1 January 2001 to 31 December 2005.

On 19 December, TMPL applied for approval of the ITS and tolls calculated in accordance with it. On 25 January, the Board decided to seek comments from interested parties on the ITS. Interested parties have until 8 February to file comments and TMPL has until 15 February to reply to any comments received.

Appeals and Review

Appeals Pending

1. *Athabasca Chipewyan First Nation v. British Columbia Hydro and Power Authority (BC Hydro)*

The Athabasca Chipewyan First Nation filed an application with the Federal Court of Appeal for leave to appeal a decision of the Board dated 6 January 1999 in which it issued an export permit to BC Hydro to allow it to undertake certain export

arrangements. The Appeal, together with No. 2 below, will be heard on 14 February.

2. *British Columbia Wildlife Federation and the Steelhead Society of British Columbia (BC Wildlife et al.) v. British Columbia Hydro and Power Authority (BC Hydro)*

The BC Wildlife et al. filed an application with the Federal Court of Appeal for leave to appeal a

decision of the Board dated 6 January 1999 in which it issued an export permit to BC Hydro to allow it to undertake certain export arrangements. The Appeal, together with No. 1 above, will be heard on 14 February.

3. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to

BC Hydro. In its application, RSC stated that since 1980, 11 drownings have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Cost Recovery Regulations (CRR) - (Files 620-A000-8 and 175-A000-72)*

The Board has amended the CRR. The amendments cover three policy changes to the existing regulations:

- (i) integration of commodity pipelines into the cost recovery scheme;
- (ii) creation of a special charge for greenfield pipelines; and
- (iii) creation of a cap on cost recovery charges equal to two per cent of the cost of service of a pipeline company.

On 21 February, the Board enacted the amendments to the Regulations. The amendments will be published in Part II of the *Canada Gazette* in March.

2. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing Pipeline Crossing Regulations, Part II with regulations

targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of the company's employees and the protection of property and the environment.

On 15 February, the Board released the results of a survey conducted last summer on the proposed new regulations. The Board intends to use the information gathered through the survey to develop draft Damage Prevention Regulations that will be circulated to interested companies, groups and individuals later this year. Distribution of the draft regulations will be followed by meetings across the country to obtain comments and gather feedback.

The results of the survey can be found on the Board's Internet site at www.neb.gc.ca.

3. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

The Board is proposing new goal-oriented Processing Plant Regulations to complement the Onshore Pipeline Regulations, 1999. The Regulations, when

promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the Onshore Pipeline Regulations, 1999.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

4. National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)

The Board is moving towards the implementation of Electronic Regulatory Filing (ERF). An analysis of the legal issues surrounding implementation of ERF has been prepared and is available on the Board's Internet site at www.neb.gc.ca under *Electronic Regulatory Filing, Other ERF Documents*. Regulations under the *National Energy Board Act* and the *Canada Oil and Gas Operations Act* have been examined. The most extensive changes are to the Rules. Amendments to the Rules will enable parties to file all required regulatory documentation via electronic means. Changes to the other regulations are largely of an administrative nature.

5. Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)

The Board is proposing replacing the existing Diving Regulations with goal-oriented Diving Regulations. Instead of specifying various aspects of the diving operations, these new

Regulations put the responsibility on the Operators to develop and demonstrate how their dive plan specifications and procedures meet the objectives of the Regulations.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

6. The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)

The above mentioned two regulations have been updated and re-structured into one Regulation entitled the *Canada Oil and Gas Drilling and Production Regulations* (the Regulations). The Regulations will establish the requirements for engineering, safety and environmental, and conservation of resources issues pertaining to the design, construction, operation and abandonment of exploration and production facilities under the *Canada Oil and Gas Operations Act*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

7. Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Gazoduc Trans Québec & Maritimes Inc.	File: 3400-T028-34 Order: XG-T28-4-2001	Application dated 12 January; approved on 1 February. Install and operate a portable compressor.	1 200 000
Maritimes & Northeast Pipeline Management Ltd.	File: 3400-M124-8 Under Review	Application dated 29 September. Construct the Point Tupper Pressure Reducing Station facilities. On 21 December, 26 January and 15 February, the Board sent letters to M&NP requesting additional information.	2 000 000
Murphy Oil Company Ltd.	File: 3400-M085-1 Order: XG-M85-8-2001	Application dated 30 October; approved on 22 February. Construct the Chinchaga Sales Gas Pipeline Loop.	4 700 000
Shiha Energy Transmission Ltd.	File: 3400-S056-3 Order: XG-S56-9-2001	Application dated 8 February; approved on 23 February. Construct a vertically perpendicular tap.	20 000
Westcoast Energy Inc.	File: 3400-W005-257 Order: XG-W5-5-20001	Application dated 13 October; approved on 5 February. Expand a cold storage building.	49 000
	File: 3400-W005-257 Order: XG-W5-6-2001	Application dated 24 August; approved on 15 February. Pipeline modifications required for the deactivation of the Aitken Creek Gas Processing Plant.	478 000
	File: 3400-W005-266 Order: XG-W5-07-2001	Application dated 10 January; approved on 20 February. Four projects in the Fort Nelson Field Services Area.	305 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines (NW) Inc.	Files: 3400-E102-5 Order: XO-E102-4-2001	Applications dated 5 January; approved on 7 February. Instal pipeline slope indicators at KP 313 and cathodic protection upgrades.	117 500
Enbridge Pipelines (Westpur) Inc.	File: 3400-E103-10 Order: XO-E103-06-2001	Application dated 23 January; approved on 15 February. Four projects.	79 000
Enbridge Pipelines Inc.	File: 3400-E101-34 Order: XO-E101-7-2001	Application dated 31 January; approved on 21 February. Replace two displacement meters and associated equipment in the Suncor Meter Manifold.	553 000
Trans Mountain Pipeline Company Ltd.	File: 3400-T004-72 Order: XO-T4-3-2001	Application dated 23 August; approved on 7 February. Six projects.	2 438 000
	File: 3400-T004-75 Order: XO-T4-08-2001	Application dated 15 January; approved on 26 February. Instal a pre-fabricated building at the Edmonton Terminal.	143 995

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of March 2001

Public Hearing Applications

Recent Hearing Decision

1. *Murphy Oil Company Ltd. (Murphy) - Pipeline Construction - GH-1-2001 (File 3400-M085-1)*

Reasons for Decision dated March; issued on 22 March.

The Board issued its Reasons for Decision concerning an application by Murphy to construct and operate the Chinchaga Sales Gas Pipeline Loop in Northern British Columbia and Alberta. On 22 February, the Board had announced, from the Bench, its decision to approve the application with the Reasons for Decision to follow at a later date.

Murphy had applied to construct and operate a sales gas pipeline loop comprising approximately 17.2 kilometres (10.3 miles) of 323.8 millimetre (12 inch) pipeline beginning at the existing Pioneer Natural Resources Canada Inc. (PNRC) facilities in the Chinchaga area of British Columbia, 130 kilometres (80 miles) north of Fort St. John, and terminating at the PNRC compressor station, 130 kilometres (80 miles) northwest of Manning, Alberta.

The estimated capital cost of the project is \$4.7 million.

The application was considered at a public hearing held 15, 16, 17 and 19 February in Calgary, Alberta.

Hearing Decision Pending

1. *Enbridge Pipelines Inc. (Enbridge) - Pipeline Construction, Terrace Expansion Phase II - OH-1-2000 (File 3200-E101-3)*

The Board held a public hearing on 19 and 20 March in Calgary, Alberta, on an application from Enbridge to construct oil pipeline facilities which comprise Phase II of its Terrace Expansion Program.

Enbridge applied to construct approximately 123 kilometres (76 miles) of 914 millimetre (36 inch) pipeline over three separate construction segments located between its Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal. The applied-for facilities are the second phase of a multi-phase Terrace Expansion Program agreed upon by industry

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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and Enbridge. Terrace Phase I was approved by the Board in 1998. The estimated cost of the expansion facilities is \$140 million and the proposed in-service date is the first half of 2002.

Hearing in Progress

1. *Westcoast Energy Inc. (WEI) - Purchase a Pipeline - GHW-2-2000 (Files 3200-W005-10 and 3400-W005-258)*

The Board is holding a written public hearing on an application by WEI to purchase a pipeline in the Maxhamish area of northeast British Columbia.

WEI proposes to purchase, from AEC Oil & Gas Co. Ltd. (AEC), approximately 67.6 kilometres (42 miles) of 323.9 millimetre (12 inch) pipeline and associated facilities. AEC built the pipeline during the winter of 1998/1999 to transport dehydrated hydrocarbon liquids. WEI plans to use the facility as a sour raw gas transmission pipeline.

Hearing Scheduled

1. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)*

The Board will hold a public hearing on the operation of WEI's Pine River Gas Plant Sulphur Pipeline. The Board decided to hold the public hearing following a number of fires on the sulphur pipeline. The hearing will commence on Monday, 9 April in Chetwynd, British Columbia.

On 16 March, the Board issued an order directing WEI to stop all work on the sulphur pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board. The Board decision followed a careful review of information concerning the safety of the sulphur pipeline.

The purpose of the hearing is to determine if the sulphur pipeline may be safely operated; whether the Board should order WEI to repair, reconstruct or alter part of the sulphur pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on WEI in order to ensure the safe operation of the sulphur pipeline.

Hearing Applications Filed

1. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 AND 2002 Tolls (File 4200-M124-1)*

On 23 March, M&NP filed an application for the approval of final tolls for the period 1 October 2000 to 31 December 2001 (Test Period 2001) and the period 1 January 2002 to 31 December 2002 (Test Period 2002).

For Test Period 2001, M&NP is requesting approval of a revenue requirement of \$177.9 million, a rate base of \$883.2 million and a rate of return on rate base of 8.41 per cent. For Test Period 2002, M&NP is requesting approval of a revenue requirement of \$146.7 million, a rate base of \$900.1 million and a rate of return on rate base of 8.25 per cent. Revenue requirement is the cost of providing service, including operating and maintenance expenses, depreciation, amortization, taxes and return on rate base. Rate base is the amount of investment on which a return is authorized to be earned. M&NP has been operating on interim tolls approved by the Board effective 1 October 2000.

2. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia to a proposed receipt point in Alberta. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) of pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional Grizzly Valley gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

Proposed Hearing Application

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Preliminary Submission for the Proposed Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 7 March, GSCPL filed a preliminary environmental scoping submission regarding a proposed application to construct and operate a natural gas pipeline to Vancouver Island, British Columbia. The company expects to file an application in 2001.

On 28 September, the Board decided to refer the GSX Project to the Minister of the Environment for a referral to a review panel. On 4 October, the Minister of the Environment announced that the GSX Project will be sent to an independent environmental assessment review panel.

The proposed pipeline would transport natural gas from Sumas, Washington to Duncan on Vancouver Island. The Canadian portion of the 406.4 millimetre (16 inch) pipeline would originate at a point on the international border in Boundary Pass, Strait of Georgia, and interconnect with the existing Centra Gas British Columbia transmission system at a point south of Duncan, British Columbia. The Canadian portion of the pipeline would be approximately 50 kilometres (31 miles) in length, with approximately 37 kilometres (23 miles) being offshore and 13 kilometres (eight miles) onshore. The pipeline would have a capacity of 2.832 million cubic metres (100 million cubic feet) of natural gas per day. The estimated cost

of the Canadian portion of the facilities is \$57 million and the planned in-service date is November 2002.

Hearings Adjourned and Postponed

1. *St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. *Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

3. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

4. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *BP Canada Energy Company (BP) - Electricity Export (File 6200-B058-1-1)*

On 16 March, BP applied for permits to export up to 1 000 megawatts and 5 000 gigawatt hours of combined firm power and energy annually for a period of 10 years.

2. *El Paso Merchant Energy, L.P. (El Paso) - Electricity Export (File 6200-E036-1)*

On 11 December, El Paso applied for permits to export up to 1 000 megawatts of firm and inter-

ruptible power and up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

3. *Independent Electricity Market Operator of Ontario (IMO) - Electricity Export (File 6200-J027-1)*

On 15 December, IMO filed an application to export electricity as a border accommodation to provide emergency assistance to neighbouring jurisdictions in the United States for 25 years.

On 7 February, the Board sent a letter to IMO requesting additional information.

4. *PanCanadian Energy Services (PanCanadian) - Electricity Export (File 6200-P080-1)*

On 15 March, PanCanadian applied for permits to export up to 5 000 gigawatt hours of firm energy and 5 000 gigawatt hours of interruptible energy per year for a period of 10 years.

5. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts firm power and 500 megawatts of interruptible power per month, and 2 terawatt hours of interruptible energy and 2 terawatt hours of firm energy per year for a period of 10 years.

Natural Gas Matter

Matter Completed

1. *ProGas Limited (ProGas) - Contract Amendments - Natural Gas Export Licences GL-101 and GL-109 (File 7200-P038-3-1 and 7200-P038-4-1)*

On 30 March, the Board approved an application dated 10 January from ProGas for approval of the pricing provisions in the export sales contracts with Ocean State Power I and Ocean State Power II (OSP) underpinning natural gas export Licences GL-284 and GL-285. Under the licences, ProGas exports natural gas to OSP to supply a combined cycle electrical power plant in Burrillville, Rhode Island.

Pipeline Matters

Matter Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

3. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

4. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 15 December, WEI applied for approval to construct upstream facilities in order to debottleneck the Pine River Plant, which is located 30 kilometres (18.6 miles) south of Chetwynd, British Columbia, and gas from the Grizzly Valley Raw Gas Transmission System. The applied-for facilities, which would expand raw gas deliveries to meet the Pine River Plant's initial design residue gas capability, include: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile)

acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well. The proposed gas stripper facility and the booster compressor unit would be located 29 kilometres southeast of the Pine River Plant. The estimated cost of the project is \$95.5 million.

Traffic, Tolls And Tariff Matters

Matters Completed

1. Enbridge Pipeline Inc. (Enbridge) - Amend the Incentive Toll Settlement (Files 4400-E101-1 and 4775-E101-1-1)

On 15 March, the Board approved an application dated 2 February from Enbridge for approval to amend the 2000-2004 Incentive Toll Settlement by changing the formula used to determine its annual Net Revenue Requirement (Order AO-1-TO-3-2000). The Board sought comments of interested parties on the application.

2. Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (South B.C.) and Foothills Pipe Lines (Sask.) Ltd. - Year 2001 Operating and Maintenance Expense Budgets - Year 2000 for Zone 8 - Interruptible Tolls for Zone 9 (Files 4750-F006-2 and 4750-F006-8)

On 30 March, the Board approved the following:

- (i) application dated 1 December for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2001;
- (ii) application dated 26 February for approval of budget overrun in 2000 for Zone 8; and,
- (iii) application dated 1 March for new interruptible tolls to Zone 9 effective 1 April 2001.

The Board has issued Order TG-2-2001.

3. TransCanada PipeLines Limited - 2001 Tolls Task Force Resolutions (4775-T001-1/2001-1)

The Board has approved the following Tolls Task Force Resolutions:

No. of the Resolution	Date of Resolution	Date Approved	Subject of Resolution
02.2001	9 March	30 March	Electronic Billing
03.2001	9 March	30 March	Capacity Allocation Report Suspension

4. Trans Mountain Pipe Line Company Ltd. (TMPL) - Incentive Toll Settlement (ITS) 2001 - 2005 (Files 4200-T004-8 and 4200-T004-9)

On 22 March, the Board approved an application dated 19 December from TMPL for approval of the ITS and tolls calculated in accordance with it. The Board also approved an application dated 16 February for approval of Final Tariff No. 47 for Petroleum and Final Tariff No. RP16 for Refined and Partially Refined Petroleum and MTBE effective 1 January 2001 (TO-1-2001). On 27 December, the Board had approved interim tolls effective 1 January 2001 (TOI-3-2000). The Board sought the comments of interested parties on the applications.

5. Westcoast Energy Inc. (Westcoast) - 2001 Final Tolls (File 4200-W005-13)

On 15 March, the Board approved an application dated 28 February, as amended on 8 April, from Westcoast for final transmission tolls effective 1 January 2001.

Matter Under Consideration

6. Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)

On 25 August, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September, the Board, at the request of Murphy, extended the dates for the filing of submissions.

Appeals and Review

Appeals Pending

1. *Athabasca Chipewyan First Nation, British Columbia Wildlife Federation and the Steelhead Society of British Columbia (Appellants) v. British Columbia Hydro and Power Authority (BC Hydro)*

The Appellants filed applications with the Federal Court of Appeal for leave to appeal a decision of the Board dated 6 January 1999 in which it issued an export permit to BC Hydro to allow it to undertake certain export arrangements. The applications were heard by the court on 14 and 15 February.

On 14 March, the Court concluded that the Board's decision is not reasonable and allowed the appeal. The Court directed that the Appellants and BC Hydro, in consultation with the Board, prepare a form of judgment upon which they agree, failing which the Appellants or BC Hydro may apply to the Court to resolve the relief to be granted. Should an agreed upon form of judgement not be submitted or an application for relief not be made within sixty days of the 14 March reasons, judgement shall there-upon issue, quashing the permits and remitting the matter to the Board for redetermination after the Board receives and considers relevant information from BC Hydro as to what changes, if any, to the operation of its facilities will be occasioned by the issuance of the permits sought and the adverse environmental effects, if any that will result from such changes.

2. *Canadian Forest Oil Limited v Chevron Canada Resources and Ranger Oil Limited*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drownings have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the National Energy Board Rules of Practice and Procedure, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing Pipeline Crossing Regulations, Part II with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of the company's employees and the protection of property and the environment.

On 15 February, the Board released the results of a survey conducted last summer on the proposed new regulations. The results of the survey can be found on the Board's Internet site at www.neb.gc.ca.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

The Board is proposing new goal-oriented Processing Plant Regulations to complement the *Onshore Pipeline Regulations, 1999*. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations, 1999*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

The Board is moving towards the implementation of Electronic Regulatory Filing (ERF). An analysis of the legal issues surrounding implementation of ERF has been prepared and is available on the Board's Internet site at www.neb.gc.ca under *Electronic Regulatory Filing, Other ERF Documents*. Regulations under the *National Energy Board Act* and the *Canada Oil and Gas Operations Act* have been examined. The most extensive changes are to the Rules. Amendments to the Rules will

enable parties to file all required regulatory documentation via electronic means. Changes to the other regulations are largely of an administrative nature.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

The Board is proposing replacing the existing Diving Regulations with goal-oriented Diving Regulations. Instead of specifying various aspects of the diving operations, these new Regulations put the responsibility on the Operators to develop and demonstrate how their dive plan specifications and procedures meet the objectives of the Regulations.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

The above mentioned two regulations have been updated and re-structured into one Regulation entitled the *Canada Oil and Gas Drilling and Production Regulations (the Regulations)*. The Regulations will establish the requirements for engineering, safety and environmental, and conservation of resources issues pertaining to the design, construction, operation and abandonment of exploration and production facilities under the *Canada Oil and Gas Operations Act*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb.gc.ca

Internet Site:

www.neb.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Maritimes & Northeast Pipeline Management Ltd.	File: 3400-M124-8 Order: XG-M124-11-2001	Application dated 29 September; approved on 23 March. Construct the Point Tupper Pressure Reducing Station facilities.	2 000 000
Westcoast Energy Inc.	File: 3400-W005-268 Order: XG-W5-10-2001	Application dated 25 January; approved on 19 March. Install a double wall storage tank at the d-69-D booster station in the Peggo area.	75 000
	File: 3400-W005-269 Order: XG-W005-12-2001	Application dated 13 February; approved on 22 March. Install rock revetment at the Alberta Mainline crossing of Pouce Coupe River.	100 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-31 Order: XO-E101-05-2001	Application dated 12 December; approved on 14 February. Construct tankage facilities and receipt metering facilities.	18 000 000
Enbridge Pipelines (Westspur) Inc.	File: 3400-E103-9 Order: XO-E103-09-2001	Application dated 17 January; approved on 23 March. Construct an access road in Saskatchewan.	8 000
Montreal Pipe Lines Limited	File: 3400-M003-22 Under Review	Application dated 6 February. Construct two new storage tank systems at the existing North Tank Field oil storage facility in Montréal-Est.	14 000 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of April 2001

Annual Report for the Year 2000

On 20 April, the Honourable Ralph Goodale, Minister of Natural Resources Canada, tabled in Parliament the Board's Annual Report for the year 2000. A copy of the Report is available on the Board's Internet site at www.neb-one.gc.ca under the heading *Publications*.

Public Hearing Applications

Recent Hearing Decisions

1. *Westcoast Energy Inc. (WEI) - Purchase a Pipeline - GHW-2-2000 (Files 3200-W005-10 and 3400-W005-258)*

Reasons for Decision dated April; issued on 10 April.

The Board approved on an application by WEI to purchase a pipeline in the Maxhamish area of northeast British Columbia. WEI will purchase, from AEC Oil & Gas Co. Ltd. (AEC), approximately 67.6 kilometres (42 miles) of 323.9 millimetre (12 inch) pipeline and associated facilities. AEC built the pipeline during the winter of 1998/1999 to transport dehydrated hydrocarbon liquids. WEI plans to use the facility as a sour raw gas transmission pipeline.

The Board considered the application by way of a written public hearing.

2. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)*

On 12 April, the Board decided not to permit WEI to reopen its Pine River Gas Plant Sulphur Pipeline (the Pipeline) until it is satisfied that certain issues have been fully addressed, or that a comprehensive plan is in place to address those issues. On 24 April, the Board sent a letter to WEI providing the scope for the comprehensive plan to be developed by the company.

On 16 March, the Board had issued an order, following a number of fires on the pipeline, directing WEI to stop all work on the pipeline,

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

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except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of WEI's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was to determine if the sulphur pipeline may be safely operated; whether the Board should order WEI to repair, reconstruct or alter part of the sulphur pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on WEI in order to ensure the safe operation of the sulphur pipeline.

Hearing Decision Pending

1. *Enbridge Pipelines Inc. (Enbridge) - Pipeline Construction, Terrace Expansion Phase II - OH-1-2000 (File 3200-E101-3)*

The Board held a public hearing on 19 and 20 March, in Calgary, Alberta on an application from Enbridge to construct oil pipeline facilities which comprise Phase II of its Terrace Expansion Program.

Enbridge applied to construct approximately 123 kilometres (76 miles) of 914 millimetre (36 inch) pipeline over three separate construction segments located between its Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal. The applied-for facilities are the second phase of a multi-phase Terrace Expansion Program agreed upon by industry and Enbridge. Terrace Phase I was approved by the Board in 1998. The estimated cost of the expansion facilities is \$140 million and the proposed in-service date is the first half of 2002.

Hearing Applications Filed

1. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls (File 420-0M124-1)*

On 23 March, M&NP filed an application for the approval of final tolls for the period 1 October 2000 to 31 December 2001 (Test Period 2001) and the period 1 January 2002 to 31 December 2002 (Test Period 2002).

For Test Period 2001, M&NP is requesting approval of a revenue requirement of \$177.9 million, a rate base of \$883.2 million and a rate of return on rate base of 8.41 per cent. For Test Period 2002, M&NP is requesting approval of a revenue requirement of \$146.7 million, a rate base of \$900.1 million and a rate of return on rate base of 8.25 per cent.

Revenue requirement is the cost of providing service, including operating and maintenance expenses, depreciation, amortization, taxes and return on rate base. Rate base is the amount of investment on which a return is authorized to be earned. M&NP has been operating on interim tolls approved by the Board effective 1 October 2000.

2. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia to a proposed receipt point in Alberta. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional Grizzly Valley gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

3. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfall point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being

offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

Following a request from the Board, the Minister of the Environment announced on 4 October 2000 that the proposed Georgia Strait Crossing Pipeline Project will be sent to an independent environmental assessment review panel. The Board will announce at a later time how the application will be processed.

Proposed Hearing Application

1. New Brunswick Power Corporation (NB Power) Construct an International Power Line (File 2200-N088-1)

On 19 April, NB Power filed a preliminary submission to construct the Canadian portion of a 345 kilovolt international power line (IPL) from Point Lepreau, New Brunswick to Orrington, Maine. The purpose of the submission is to request the Board to initiate activities as the Responsible Authority under the *Canada Environmental Assessment Act* for the proposed IPL before NB Power applies for a certificate to construct the IPL.

NB Power proposes to apply in late Spring 2001 for a certificate of public convenience and necessity to construct and operate an IPL of approximately 90 kilometres (56 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. NB Power expects, subject to the Board's approval, to commence

construction in the Spring of 2002. The New Brunswick portion of the project is estimated to cost \$25 million U.S. The United States portion of the project will consist of approximately 140 kilometres (87 miles) of power line running from Woodland to Orrington in Maine and is estimated to cost \$55 million U.S. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

Hearings Adjourned and Postponed

1. St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada Pipelines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

3. Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

4. Crowsnest Pipeline Project - Natural Gas Pipeline

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. BP Canada Energy Company (BP) - Electricity Export (File 6200-B058-1-1)

On 16 March, BP applied for permits to export up to 1 000 megawatts and 5 000 gigawatt hours of combined firm power and energy annually for a period of 10 years.

2. El Paso Merchant Energy, L.P. (El Paso) - Electricity Export (File 6200-E036-1)

On 11 December, El Paso applied for permits to export up to 1 000 megawatts of firm and interruptible power and up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

On 20 April, the Board sent a letter to El Paso requesting additional information.

3. *Independent Electricity Market Operator of Ontario (IMO) - Electricity Export (File 6200-J027-1)*

On 15 December, IMO filed an application to export electricity as a border accommodation to provide emergency assistance to neighbouring jurisdictions in the United States for 25 years.

On 7 February and 20 April, the Board sent letters to IMO requesting additional information.

4. *PanCanadian Energy Services (PanCanadian) - Electricity Export (File 6200-P080-1)*

On 15 March, PanCanadian applied for permits to export up to 5 000 gigawatt hours of firm energy and 5 000 gigawatt hours of interruptible energy per year for a period of 10 years.

5. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts firm power and 500 megawatts of interruptible power per month, and 2 terawatt hours of interruptible energy and 2 terawatt hours of firm energy per year for a period of 10 years.

Pipeline Matters

Matters Completed

1. *Murphy Oil Company Limited (Murphy) and PMC (Nova Scotia) Company (PMC) - Sales of Pipelines (3400-P77-1 and 3400-M23-16.*

The Board approved a joint application dated 8 March from Murphy and PMC to sell the Bodo, Wascana and Milk River Pipelines to Plains Marketing Canada, L.P. (Plains) (Order MO-07-2001 and MO-08-2001). PMC is the general partner of Plains and applied on behalf of Plains. The pipelines in question are as follows:

- (i) the Bodo pipeline is a 23.4 kilometre (14.5 mile), 168.3 millimetre (6 inch), condensate pipeline extending from Alberta to the Cactus Lake Pipeline in Saskatchewan;
- (ii) the Milk River Pipeline system consists of three parallel oil pipelines of 16 kilometres (10 miles) in length with diameters of 168.3 millimetres (6 inches), 273 millimetres (10 inches) and 323.9 millimetres (12 inches) extending from Alberta to the CENEX

Pipeline in Montana. In addition there is a 4.3 kilometre (3 mile), 323.9 millimetre (12 inch), lateral and a truck terminal; and,

- (iii) the Wascana Pipeline is a 173 kilometre (108 mile), 323.9 millimetre (12 inch), oil pipeline extending from Regina, Saskatchewan to the Equilon Pipeline in Montana.

2. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

3. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

4. *Ricks Nova Scotia Co. (Ricks) and AEC Oil and Gas (AEC) - Sale of the Ladyfern Pipeline (Files 3400-A081-1 and 3400-R029-2)*

On 1 March, Ricks and AEC filed a joint application for approval of the sale and purchase of Ricks Ladyfern Pipeline to AEC. The Ladyfern Pipeline is a 12 kilometre (7.5 mile), 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

5. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-

owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

6. Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)

On 15 December, WEI applied for approval to construct upstream facilities in order to debottle-neck the Pine River Plant, which is located 30 kilometres (18.6 miles) south of Chetwynd, British Columbia, and gas from the Grizzly Valley Raw Gas Transmission System. The applied-for facilities, which would expand raw gas deliveries to meet the Pine River Plant's initial design residue gas capability, include: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well. The proposed gas stripper facility and the booster compressor unit would be located 29 kilometres southeast of the Pine River Plant. The estimated cost of the project is \$95.5 million.

Traffic, Tolls and Tariff Matters

Matter Under Consideration

1. Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)

On 25 August, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately

18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September, the Board, at the request of Murphy, extended the dates for the filing of submissions.

Frontier Matters

Frontier Activities for March and April 2001

1. **Imperial Oil Resources Limited** was given approval on 22 March to proceed with the construction facilities on Goose Island pursuant to paragraph 5.1(b) of the *Canada Oil and Gas Operations Act*.
2. **Petro Canada** was given approval on 9 March to drill the well PC Anderson Kurk M-15 to 3500 metres pursuant to section 83(1) of the *Canada Oil and Gas Drilling Regulations*.
3. **Devlan Exploration Inc.** was given approval on 3 April to drill the well Devlan *et al* Ontaratue River D-39 to a total depth of 1300 metres pursuant to section 83(1) of the *Canada Oil and Gas Drilling Regulations*.
4. **Geological, geophysical or geotechnical operation** - three applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act* as follows:

Company	Area	Operation ID	Date
Paramount Resources Ltd.	Arrowhead	9229-P033-004E	14 March
Petro-Canada	Kurk	9329-P028-005E	21 March
Explor Data Ltd.	Ft. Liard, NWT	9229-E034-007P	30 April

Appeal and Review

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's

Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing Pipeline Crossing Regulations, Part II with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of the company's employees and the protection of property and the environment.

On 15 February, the Board released the results of a survey conducted last summer on the proposed new regulations. The results of the survey can be found on the Board's Internet site at www.neb-one.gc.ca.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

The Board is proposing new goal-oriented Processing Plant Regulations to complement the Onshore Pipeline Regulations, 1999. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and

operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations*, 1999.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

The Board is moving towards the implementation of Electronic Regulatory Filing (ERF). An analysis of the legal issues surrounding implementation of ERF has been prepared and is available on the Board's Internet site at www.neb-one.gc.ca under *Electronic Regulatory Filing, Other ERF Documents*. Regulations under the *National Energy Board Act* and the *Canada Oil and Gas Operations Act* have been examined. The most extensive changes are to the Rules. Amendments to the Rules will enable parties to file all required regulatory documentation via electronic means. Changes to the other regulations are largely of an administrative nature.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

The Board is proposing replacing the existing Diving Regulations with goal-oriented Diving Regulations. Instead of specifying various aspects of the diving operations, these new Regulations put the responsibility on the Operators to develop and demonstrate how their dive plan specifications and procedures meet the objectives of the Regulations.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

The above mentioned two regulations have been updated and re-structured into one Regulation

entitled the *Canada Oil and Gas Drilling and Production Regulations* (the Regulations). The Regulations will establish the requirements for engineering, safety and environmental, and conservation of resources issues pertaining to the design, construction, operation and abandonment of exploration and production facilities under the *Canada Oil and Gas Operations Act*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Westcoast Energy Inc.	File: 3400-W005-270 Order: XG-W005-13-2001	Application dated 15 February; approved on 20 April. Upgrading of SCADA system.	NA

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Montreal Pipe Lines Limited	File: 3400-E101-31 Order: XO-E101-05-2001	Application dated 6 February; approved on 6 April. Construct two new storage tank systems at the existing North Tank Field oil storage facility in Montréal-Est.	14 000 000
Trans Mountain Pipe Line Company Ltd.	File: 3400-T004-76 Order: XO-T004-11-2001	Application dated 27 February; approved on 12 April. Install additional facilities and modify the surge bypass at main-line valve K1122 in Surrey, British Columbia.	385 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of May 2001

Mackenzie Valley and Beaufort Offshore Pipeline - Agreement to Develop a Draft Framework for a Single Environmental Assessment Process for Pipeline Proposals

It was announced on 24 May that a draft framework for a single environmental assessment process will be developed for the review of Mackenzie Valley and Beaufort offshore pipeline proposals. The agreement was reached following two days of meetings of the chairs of the boards and agencies with responsibility for regulating energy developments in the Northwest Territories.

The draft framework will also consider integration of the various regulatory requirements applicable to the project and will support and respect the spirit and intent of land claims agreements. The parties are optimistic the draft framework will be developed by the end of the summer. Once developed, the draft framework will be made available for comment and will be subject to ratification by the relevant authorities.

Since November 2000, the parties have met several times to explore their willingness and ability to cooperate and coordinate the review process for northern gas development. The parties involved include: the National Energy Board, the Mackenzie Valley Environmental Impact Review Board, the Environmental Impact Screening Committee and the Environmental Impact Review Board for the Inuvialuit Settlement Region, the Canadian Environmental Assessment Agency, the Department of Indian Affairs and Northern Development, the Mackenzie Valley Land and Water Board, the NWT Water Board, the Inuvialuit Land Administration, the Inuvialuit Game Council, the Sahtu Land and Water Board, the Gwich'in Land and Water Board, and the Government of the Northwest Territories.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Energy Market Assessment - Canadian Electricity Trends and Issues

On 10 May, the Board issued an *Energy Market Assessment* report entitled *Canadian Electricity Trends and Issues* which examines electricity demand and generation in Canada and provides a province-by-province analysis of trade, regulatory developments (including restructuring initiatives) and electricity prices. The report is available on the Board's Internet Site at www.neb-one.gc.ca under the heading *Publications, Reports, Assessment (Markets)*.

Energy Market Assessment - North American Natural Gas Liquids Pricing and Convergence

On 25 May, the Board issued an *Energy Market Assessment* report entitled *North American Natural Gas Liquids Pricing and Convergence* which provides a background on natural gas liquids pricing and the impact of energy price convergence. The report is available on the Board's Internet Site at www.neb-one.gc.ca under the heading *Publications, Reports, Assessment (Markets)*.

Public Hearing Applications

Recent Hearing Decision

1. Enbridge Pipelines Inc. (Enbridge) - Pipeline Construction, Terrace Expansion Phase II - OH-1-2000 (File 3200-E101-3)

Reasons for Decision dated May; issued on 15 May.

The Board approved an application from Enbridge to construct oil pipeline facilities which comprise Phase II of its Terrace Expansion Program. Enbridge applied to construct approximately 123 kilometres (76 miles) of 914 millimetre (36 inch) pipeline over three separate construction segments located between its Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal. The applied-for facilities are the second phase of a multi-phase Terrace Expansion Program agreed upon by industry and Enbridge. Terrace Phase I was approved by the Board in 1998. The estimated cost of the expansion facilities is \$140 million and the proposed in-service date is the first half of 2002.

The Board considered the application at a public hearing held on 19 and 20 March, in Calgary, Alberta.

Hearing Decision Pending

1. Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)

On 12 April, the Board decided not to permit WEI to reopen its Pine River Gas Plant Sulphur Pipeline (the pipeline) until it is satisfied that certain issues have been fully addressed, or that a comprehensive plan is in place to address those issues. On 24 April, the Board sent a letter to

WEI providing the scope for the comprehensive plan to be developed by the company.

On 16 March, the Board had issued an order, following a number of fires on the pipeline, directing WEI to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of WEI's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was to determine if the pipeline may be safely operated; whether the Board should order WEI to repair, reconstruct or alter part of the pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on WEI in order to ensure the safe operation of the pipeline.

Hearing Applications Filed

1. Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta. Any person who wishes to comment should file a copy with Westcoast and the Secretary of the Board no later than Thursday, 27 June 2001.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the

Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. The Board, the Canadian Environmental Assessment Agency, on behalf of the Minister of Environment, and the Department of Fisheries and Ocean have prepared a scoping document for the environmental assessment.

2. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls (File 4200-M124-1)*

On 23 March, M&NP filed an application for the approval of final tolls for the period 1 October 2000 to 31 December 2001 (Test Period 2001) and the period 1 January 2002 to 31 December 2002 (Test Period 2002).

For Test Period 2001, M&NP is requesting approval of a revenue requirement of \$177.9 million, a rate base of \$883.2 million and a rate of return on rate base of 8.41 per cent. For Test Period 2002, M&NP is requesting approval of a revenue requirement of \$146.7 million, a rate base of \$900.1 million and a rate of return on rate base of 8.25 per cent. Revenue requirement is the cost of providing service, including operating and maintenance expenses, depreciation, amortization, taxes and return on rate base. Rate base is the amount of investment on which a return is authorized to be earned. M&NP has been operating on interim tolls approved by the Board effective 1 October 2000.

3. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfall point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

Following a request from the Board, the Minister of the Environment announced on 4 October 2000 that the proposed Georgia Strait Crossing Pipeline Project will be sent to an independent environmental assessment review panel. The Board will announce at a later time how the application will be processed.

4. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)*

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seek-

ing state and federal approvals for the U.S. portion of the project.

On 19 April, NB Power filed a preliminary submission to request the Board to initiate activities as the Responsible Authority under the *Canada Environmental Assessment Act* for the proposed IPL before NB Power applies for a certificate to construct the IPL.

Hearings Adjourned and Postponed

1. *St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. *Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

3. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

4. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *BP Canada Energy Company (BP) - Electricity Export (File 6200-B058-1-1)*

On 16 March, BP applied for permits to export up to 1 000 megawatts and 5 000 gigawatt hours of combined firm power and energy annually for a period of 10 years.

2. *El Paso Merchant Energy, L.P. (El Paso) - Electricity Export (File 6200-E036-1)*

On 11 December, El Paso applied for permits to export up to 1 000 megawatts of firm and interruptible power and up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

On 20 April, the Board sent a letter to El Paso requesting additional information.

3. *Independent Electricity Market Operator of Ontario (IMO) - Electricity Export (File 6200-J027-1)*

On 15 December, IMO applied for permits to export electricity as a border accommodation to provide emergency assistance to neighbouring jurisdictions in the United States for 25 years.

On 7 February and 20 April, the Board sent letters to IMO requesting additional information.

4. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

5. *PanCanadian Energy Services (PanCanadian) - Electricity Export (File 6200-P080-1)*

On 15 March, PanCanadian applied for permits to export up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

6. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of firm and interruptible energy per year for a period of 10 years.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the Regulatory Agenda dated 1 April 2000.

3. *Ricks Nova Scotia Co. (Ricks) and AEC Oil and Gas (AEC) - Sale of the Ladyfern Pipeline (Files 3400-A081-1 and 3400-R029-2)*

On 1 March, Ricks and AEC filed a joint application for approval of the sale and purchase of Ricks' Ladyfern Pipeline to AEC. The Ladyfern Pipeline is a 12 kilometre (7.5 mile), 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

4. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

5. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 15 December, WEI applied for approval to construct upstream facilities in order to

debottleneck the Pine River Plant, which is located 30 kilometres (18.6 miles) south of Chetwynd, British Columbia, and gas from the Grizzly Valley Raw Gas Transmission System. The applied-for facilities, which would expand raw gas deliveries to meet the Pine River Plant's initial design residue gas capability, include: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well. The proposed gas stripper facility and the booster compressor unit would be located 29 kilometres southeast of the Pine River Plant. The estimated cost of the project is \$95.5 million.

Traffic, Tolls and Tariff Matters

Matters Under Consideration

1. *TransCanada PipeLines Limited (TCPL) - 2001/2002 Tolls and Tariff (File 4200-T001-15)*

On 3 May, TCPL filed an application concerning 2001/2002 tolls and tariff issues. The 2001/2002 Tolls and Tariff application is based on the terms of a Mainline Service and Pricing Settlement.

In April 2001, TCPL and certain stakeholders reached agreement on the terms of a settlement. The proposed settlement relates to all tolls and tariff matters for the years 2001 and 2002, excluding cost of capital issues. The settlement, which would be effective 1 January 2001, establishes a toll methodology to be utilized for both 2001 and 2002, tariff provisions to be applicable in that time period, and the components of the revenue requirement (other than cost of capital) to be used in the calculation final tolls.

TCPL indicated to the Board that proposed changes to the cost of capital were not part of the settlement and will be the subject of a separate application to be filed in the near future.

The Board has decided to request comments from interested parties on the substance of the application as well as the need for and nature of a further process. Interested parties had until 23 May to comment, and TCPL had until 29 May to reply to comments received. The Board is considering the comments received will decide on an appropriate course of action for completing the examination of the application.

2. *Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)*

On 25 August, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September, the Board, at the request of Murphy, extended the dates for the filing of submissions.

Frontier Matters

1. *Paramount Resources Ltd.* was issued a "Declaration of Commercial Discovery" on 1 May with respect to certain lands operated in the southeast of Fort Liard pursuant to the Part II.1, Section 28.2 of the *National Energy Board Act* and Part IV, Section 35 of the *Canada Petroleum Resources Act*.

2. *Imperial Oil Resources* was given approval on 31 May for "Authority to Drill a Well" pursuant to section 83 of the *Canada Oil and Gas Drilling Regulations* for the following wells:

IMP Norman Wells O-16X;

IMP Norman Wells O-19X;

IMP Norman Wells M-19X; and

IMP Norman Wells N-18X.

3. *Geological, geophysical or geotechnical operation* - two applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act* as follow:

Company	Area	Operation ID	Date
Canadian Forest Oil Ltd.	Liard	9229-C131-006E	22 May 2001
Petro-Canada Inc.	Mackenzie Delta	9329-P028-006E	31 May 2001

Appeal and Review

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading Appeals of the 31 August 2000 issue of the Regulatory Agenda.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980,

11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

On 15 February, the Board released the results of a survey conducted last summer on the proposed new regulations. The results of the survey can be found on the Board's Internet site at www.neb-one.gc.ca.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

The Board is proposing new goal-oriented Processing Plant Regulations to complement the *Onshore Pipeline Regulations, 1999*. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations, 1999*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

The Board is moving towards the implementation of Electronic Regulatory Filing (ERF). An analysis of the legal issues surrounding implementation of ERF has been prepared and is available on the Board's Internet site at www.neb-one.gc.ca under *Electronic Regulatory Filing, Other ERF Documents*. Regulations under the *National Energy Board Act* and the *Canada Oil and Gas Operations Act* have been examined. The most extensive changes are to the Rules. Amendments to the Rules will enable parties to file all required regulatory documentation via electronic means. Changes to the other regulations are largely of an administrative nature.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

The Board is proposing replacing the existing Diving Regulations with goal-oriented Diving Regulations. Instead of specifying various aspects of the diving operations, these new Regulations put the responsibility on the Operators to develop and demonstrate how their dive plan specifications and procedures meet the objectives of the Regulations.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

The above mentioned two regulations have been updated and re-structured into one Regulation entitled the *Canada Oil and Gas Drilling and Production Regulations (the Regulations)*. The Regulations will establish the requirements for engineering, safety and environmental, and conservation of resources issues pertaining to the design, construction, operation and abandonment of exploration and production facilities under the *Canada Oil and Gas Operations Act*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Maritimes & Northeast Pipeline Management Ltd.	File: 3400-M124-12 Order: XG-M124-14-2001	Application dated 12 March; approved on 31 May. Construct Custody Transfer Station facilities for Sempra Gas Atlantic at Truro, Nova Scotia.	1 450 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines (Westspur) Inc.	File: 3400-W103-11 Order: XO-E103-12-2001	Application dated 23 February; approved on 28 May. Decommission approximately two kilometres of 168.3 millimetre crude pipeline and construct a new 114 millimetre pipeline as a replacement.	170 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of June 2001

Hearing Applications

Decision Pending

1. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)*

On 12 April, the Board decided not to permit WEI to reopen its Pine River Gas Plant Sulphur Pipeline (the pipeline) until it is satisfied that certain issues have been fully addressed, or that a comprehensive plan is in place to address those issues. On 24 April, the Board sent a letter to WEI providing the scope for the comprehensive plan to be developed by the company.

On 16 March, the Board had issued an order, following a number of fires on the pipeline, directing WEI to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of WEI's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was to determine if the pipeline may be safely operated; whether the Board should order WEI to repair, reconstruct or alter part of the pipeline in order to ensure that it may be safely operated;

and, if conditions should be imposed on WEI in order to ensure the safe operation of the pipeline.

Hearings Scheduled

1. *TransCanada PipeLines Limited (TCPL) - 2001/2002 Tolls and Tariff - RH-1-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 20 August in Calgary, Alberta on an application from TCPL concerning 2001/2002 tolls and tariff issues (Tolls Application).

In April, TCPL and certain stakeholders reached an agreement on the terms of a settlement. The proposed settlement related to all tolls and tariff matters for the years 2001 and 2002, excluding cost of capital issues. The settlement, which would be effective 1 January 2001, established a toll methodology to be utilized for both 2001 and 2002, tariff provisions to be applicable in that time period, and the components of the revenue requirement (other than cost of capital) to be used in the calculation for final tolls for 2001.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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On 6 June, TCPL filed an application for the approval of the cost of capital to be included in the calculation of its mainline tolls for the years 2001 and 2002. The Board will announce at a later date the process for dealing with that application (see item 5 below under *Hearing Applications Filed*).

In May, the Board had requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. Subsequent to review of the comments received, the Board decided that TCPL's settlement was not in accordance with the Board's *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*. The Board directed TCPL to advise whether it wished to file an amended application or have the Board treat the application as a common position of parties. TCPL advised the Board that, after communicating with all of the signatories to the proposed settlement, it had decided not to file an amended application and requested that the Board establish a process to consider the application as filed.

2. BC Gas Utility Ltd. (BC Gas) - Review of Reasons for Decision RH-2-98 - RH-2-2001 (File 4775-W005-1-15)

The Board will hold a public hearing commencing on 5 September in Vancouver, British Columbia on an application from BC Gas to review and vary a decision that the Board rendered in March 1999. The decision followed a public hearing (hearing number RH-2-98) regarding an application by BC Gas for access to the pipeline system of Westcoast Energy Inc. (Westcoast) and the appropriate tolls for the service.

On 8 May, BC Gas applied to the Board for:

i) a review and variance of the Board's decision and Order TG-2-99 issued following the RH-2-98 proceeding; and, ii) an order establishing the terms and conditions, including tolls, under which Westcoast shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

In the RH-2-98 Decision, the Board had approved a request by BC Gas for a receipt point on Westcoast's pipeline at Kingsvale, British Columbia and for Westcoast to receive, transport and deliver any gas delivered at Kingsvale to the Huntingdon Delivery Area. The Board had also decided that the appropriate toll for firm service from Kingsvale to Huntingdon would be Westcoast's Zone 4 toll to Huntingdon.

BC Gas stated that the grounds for review and variance of the RH-2-98 Decision are the changed circumstances and new facts that have arisen since that Decision was rendered. The changed circumstances and new facts, as stated by BC Gas, include:

- i) recent developments in natural gas markets that have signaled an urgent need for expansion of pipeline capacity to the British Columbia Lower Mainland and the US Pacific Northwest;
- ii) the Westcoast Pipeline Expansion open season announced on April 19, 2001 in response to growing market demand;
- iii) the construction and commencement of operation of the BC Gas Southern Crossing Pipeline; and,
- iv) the BC Gas Inc. Inland Pacific Connector project open season announced on May 7, 2001.

BC Gas also stated that the changed circumstances provide justification for an order establishing the terms and conditions, including tolls, under which Westcoast shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

On 17 May, the Board sought the views of interested parties on BC Gas' application. The Board found that, on balance, the changed circumstances and new facts identified by BC Gas support the company's request for review. The Board considered that the changed circumstances and new facts, when taken together and if tested and found to be true, could have a bearing on matters relative to the Board's RH-2-98 Decision.

Hearing Applications Filed

1. Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the WeeJay Lateral (File 3200-W005-1-1)

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the WeeJay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast

of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. The Board, the Canadian Environmental Assessment Agency, on behalf of the Minister of Environment, and the Department of Fisheries and Ocean have prepared a scoping document for the environmental assessment.

2. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls (File 4200-M124-1)*

On 23 March, M&NP filed an application for the approval of final tolls for the period 1 October 2000 to 31 December 2001 (Test Period 2001) and the period 1 January 2002 to 31 December 2002 (Test Period 2002).

For Test Period 2001, M&NP is requesting approval of a revenue requirement of \$177.9 million, a rate base of \$883.2 million and a rate of return on rate base of 8.41 per cent. For Test Period 2002, M&NP is requesting approval of a revenue requirement of \$146.7 million, a rate base of \$900.1 million and a rate of return on rate base of 8.25 per cent. Revenue requirement is the cost of providing service, including operating and maintenance expenses, depreciation, amortization, taxes and return on rate base. Rate base is the amount of investment on which a return is authorized to be earned. M&NP has been operating on interim tolls approved by the Board effective 1 October 2000.

3. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfall point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

Following a request from the Board, the Minister of the Environment announced on 4 October 2000 that the proposed Georgia Strait Crossing Pipeline Project will be sent to an independent environmental assessment review panel. The Board will announce at a later time how the application will be processed.

4. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)*

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

**5. *TransCanada PipeLines Limited*
(TCPL or Company) - Cost of Capital for the
years 2001 and 2002 (File 4200-T001-15)**

On 6 June, TCPL applied for the approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and the embedded cost of debt of the Company. The Board last considered the cost of capital of TCPL in the Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would subsequently be adjusted annually based on the equity risk premium method. Under that formula, the Board approved, in December 2000, a rate of return on common equity of 9.61 per cent for 2001.

TCPL stated in its application that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the Company's proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a

deemed common equity ratio of 40 per cent for the years 2001 and 2002.

Hearings Adjourned and Postponed

1. *St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. *Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

3. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

4. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matter Completed

1. *El Paso Merchant Energy, L.P. (El Paso) - Electricity Export (File 6200-E036-1)*

On 20 June, the Board approved an application dated 11 December from El Paso for permits to export up to 1 000 megawatts of firm power and up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

Matters Under Consideration

2. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up

to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila Canada requesting additional information.

3. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila requesting additional information.

4. *BP Canada Energy Company (BP) - Electricity Export (File 6200-B058-1-1)*

On 16 March, BP applied for permits to export

up to 1 000 megawatts and 5 000 gigawatt hours of combined firm power and energy annually for a period of 10 years.

On 22 June, the Board sent a letter to BP requesting additional information.

5. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 6 588 gigawatt hours of short-term firm energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Encore requesting additional information.

6. *Independent Electricity Market Operator of Ontario (IMO) - Electricity Export (File 6200-J027-1)*

On 15 December, IMO applied for permits to export electricity as a border accommodation to provide emergency assistance to neighbouring jurisdictions in the United States for 25 years.

On 7 February and 20 April, the Board sent letters to IMO requesting additional information.

7. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

8. *PanCanadian Energy Services (PanCanadian) - Electricity Export (File 6200-P080-1)*

On 15 March, PanCanadian applied for permits to export up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

On 22 June, the Board sent a letter to PanCanadian requesting additional information.

9. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years. On 22 June, the Board sent a letter to TransCanada requesting additional information.

Pipeline Matters

Matter Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

3. *Ricks Nova Scotia Co. (Ricks) and AEC Oil and Gas (AEC) - Sale of the Ladyfern Pipeline (Files 3400-A081-1 and 3400-R029-2)*

On 1 March, Ricks and AEC filed a joint application for approval of the sale and purchase of Ricks' Ladyfern Pipeline to AEC. The Ladyfern Pipeline is a 12 kilometre (7.5 mile), 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

On 27 June, the Board advised the companies that until such time as additional information is provided, the application will be considered incomplete.

4. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil

pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

5. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 15 December, WEI applied for approval to construct upstream facilities in order to debottleneck the Pine River Plant, which is located 30 kilometres (18.6 miles) south of Chetwynd, British Columbia, and gas from the Grizzly Valley Raw Gas Transmission System. The applied-for facilities, which would expand raw gas deliveries to meet the Pine River Plant's initial design residue gas capability, include: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well. The proposed gas stripper facility and the booster compressor unit would be located 29 kilometres southeast of the Pine River Plant. The estimated cost of the project is \$95.5 million.

Traffic, Tolls and Tariff Matters

Matter completed

1. *TransCanada PipeLines Limited 2001 Tolls Task Force Resolutions (4775-T001-1/2001)*

The Board approved the following Tolls Task Force Resolutions in 2001:

No. of the Resolution	Date of Application	Date Approved	Subject of Resolution
01.2001	9 February	14 February	Extension of the Foreign Exchange and Interest Rate Management Programs
02.2001	9 March	30 March	Electronic Billing
03.2001	9 March	30 March	Capacity Allocation Report Suspension
04.2001	14 June	28 June	Tariff Amendment - Force Majeure Demand Charge Adjustments

Matter Under Consideration

2. *Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)*

On 25 August, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and

EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September, the Board, at the request of Murphy, extended the dates for the filing of submissions.

Frontier Matters

1. *Canada Natural Resources Limited* was given approval on 13 June to suspend operations for the Ranger North Liard P-66A well pursuant to section 218 of the *Canada Oil and Gas Drilling Regulations*.
2. *Purcell Energy Ltd.* was given approval on 21 June for a Production Operations Authorization for the Liard F-25A Well Tie-in pursuant to section 9 of the *Canada Oil and Gas Production and Conservation Regulations*.
3. *Geological, geophysical or geotechnical operation authorization*: six applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act* as follow:

Company	Area	Operation ID	Date
Canadian Forest Oil Ltd.	Ft. Liard NWT	9229-C131-007E	June 11 2001
Fugro Airborne Surveys Corp.	Hay R. NWT	9221-F023-001E	June 14 2001
Talisman Energy Inc.	Liard NWT	9229-T057-001E	June 21 2001
Canadian Forest Oil Ltd.	La Biche NWT	9237-C131-003E	June 28 2001
ARCIS Partnership	Nahanni NWT	9229-A071-001P	June 29 2001
ARCIS Partnership	Liard NWT	9233-A071-001P	June 29 2001

Appeal and Review

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's

Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the National Energy Board Rules of Practice and Procedure, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

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Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Sable Offshore Energy Inc.	File: 3400-S165-1 Order: XG-S165-16-2001	Application dated 15 May; approved on 21 June. Construct temporary facilities for the reclamation of Mono Ethylene Glycol at the Goldboro Gas Plant.	394 000
TransCanada PipeLines Limited	File: 3400-T001-190 Order: XG-T001-15-2001	Application dated 16 April; approved on 13 June. Nine projects.	14 367 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-30 Order: XO-E101-16-2001	Application dated 20 November; approved on 25 June. Remove a valve and lower line 13 at the Mildred Station.	164 000
Trans Mountain Pipe Line Company Ltd.	File: 3400-T004-77 Order: XO-T004-15-2001	Application dated 10 April; approved on 14 June. Construct a Control Centre building at the Edmonton Terminal.	1 500 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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31 July 2001

Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of July 2001

Public Hearing Applications

Decision Pending

1. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)*

On 26 July, WEI filed a final draft of the Sulphur Pipeline Comprehensive Plan. On 12 April, the Board decided not to permit WEI to reopen its Pine River Gas Plant Sulphur Pipeline until it is satisfied that certain issues have been fully addressed, or that a comprehensive plan is in place to address those issues. On 24 April, the Board sent a letter to WEI providing the scope for the comprehensive plan to be developed by the company.

On 16 March, the Board had issued an order, following a number of fires on the pipeline, directing WEI to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of WEI's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was to determine if the pipeline may be safely operated; whether the Board

should order WEI to repair, reconstruct or alter part of the pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on WEI in order to ensure the safe operation of the pipeline.

Hearings Scheduled

1. *TransCanada PipeLines Limited (TCPL) - 2001/2002 Tolls and Tariff - RH-1-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 17 September, previously scheduled for 20 August, in Calgary, Alberta on an application from TCPL concerning 2001/2002 tolls and tariff issues (Tolls Application).

In April, TCPL and certain stakeholders reached an agreement on the terms of a settlement. The proposed settlement related to all tolls and tariff matters for the years 2001 and 2002, excluding cost of capital issues. The settlement, which would have been effective 1 January 2001, established a toll methodology to be utilized for both 2001 and 2002, tariff provisions to be applicable in that time period,

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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and the components of the revenue requirement to be used in the calculation for tolls for 2001.

On 6 June, TCPL filed an application for the approval of the cost of capital to be included in the calculation of its mainline tolls for the years 2001 and 2002. The Board will hold a public hearing, tentatively scheduled for 12 February 2002, to consider the application (see item 4 below).

In May, the Board had requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. Subsequent to a review of the comments received, the Board decided that TCPL's settlement was not in accordance with the Board's *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*. The Board directed TCPL to advise whether it wished to file an amended application or have the Board treat the application as a common position of parties. TCPL advised the Board that, after communicating with all of the signatories to the proposed settlement, it had decided not to file an amended application and requested that the Board establish a process to consider the application as filed.

2. *BC Gas Utility Ltd. (BC Gas) - Review of Reasons for Decision RH-2-98 - RH-2-2001 (File 4775-W005-1-15)*

The Board will hold a public hearing commencing on 5 September in Vancouver, British Columbia on an application from BC Gas to review and vary a decision that the Board rendered in March 1999. The decision followed a public hearing (hearing RH-2-98) regarding an application by BC Gas for access to the pipeline system of Westcoast Energy Inc. (WEI) and the appropriate tolls for the service.

On 8 May, BC Gas applied to the Board for: i) a review and variance of the Board's decision and Order TG-2-99 issued following the RH-2-98 proceeding; and, ii) an order establishing the terms and conditions, including tolls, under which WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

In the RH-2-98 Decision, the Board had approved a request by BC Gas for a receipt point on WEI's pipeline at Kingsvale, British Columbia and for WEI to receive, transport and deliver any gas delivered at Kingsvale to the Huntingdon Delivery Area. The Board had also decided that the appropriate toll for firm service from Kingsvale to Huntingdon would be WEI's Zone 4 toll to Huntingdon.

BC Gas stated that the grounds for review and variance of the RH-2-98 Decision are the changed circumstances and new facts that have arisen since that Decision was rendered. BC Gas also stated that the changed circumstances provide justification for an order establishing the terms and conditions, including tolls, under which WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia (for more information on the changed circumstances and new facts, refer to the June 2001 *Regulatory Agenda*).

3. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls - RH-3-2001 (File 4200-M124-1)*

The Board will hold a public hearing commencing on 11 October in Dartmouth, Nova Scotia on an application by M&NP for the approval of final tolls for the period 1 October 2000 to 31 December 2001 (Test Period 2001) and the period 1 January 2002 to 31 December 2002 (Test Period 2002).

For Test Period 2001, M&NP is requesting approval of a revenue requirement of \$177.9 million, a rate base of \$883.2 million and a rate of return on rate base of 8.41 per cent. For Test Period 2002, M&NP is requesting approval of a revenue requirement of \$146.7 million, a rate base of \$900.1 million and a rate of return on rate base of 8.25 per cent. M&NP has been operating on interim tolls approved by the Board effective 1 October 2000.

4. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing tentatively scheduled to commence on 12 February 2002, at a location to be announced later, concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002. The Board will conduct a procedural conference commencing on 19 September in Calgary, Alberta to receive views of parties on certain procedural matters.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would

be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.61 per cent was established for 2001.

In this application, TCPL submitted that the deemed capital structure of 30 per cent common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

Hearing Applications Filed

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the

proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. On 20 July, WEI filed a draft Comprehensive Study Report for review by the Board and the Department of Fisheries and Oceans.

2. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfall point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

Following a request from the Board, the Minister of the Environment announced on 4 October 2000 that the proposed Georgia Strait Crossing Pipeline Project will be sent to an independent environmental assessment review panel. The Board will announce at a later time how the application will be processed.

3. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)*

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

On 9 July, the Board issued for public comment a draft scope of an environmental assessment of the proposal by NB Power. A proposal of this nature requires that an environmental assessment in the form of a comprehensive study be carried out under the *Canadian Environmental Assessment Act*. The Board, the Department of Fisheries and Oceans and the federal Minister of the Environment have identified the scope of the proposed project and the factors to be considered during the environmental assessment. These factors, along with other details of the assessment, can be found in a document entitled *Draft Scope of the Environmental Assessment, New Brunswick Power Corporation International Power Line*.

Hearings Adjourned and Postponed

1. *St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. *Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

3. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

4. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *BP Canada Energy Company (BP) - Electricity Export (File 6200-B058-1-1)*

On 13 July, the Board approved an application dated 16 March from BP for permits to export up to 1 000 megawatts of firm power and 5 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

2. *Independent Electricity Market Operator of Ontario (IMO) - Electricity Export (File 6200-J027-1)*

On 5 July, the Board approved an application dated 15 December from IMO for a permit to export, as a border accommodation to provide emergency assistance to neighbouring jurisdictions in the United

States, up to 4 000 megawatts of power and 23 600 gigawatt hours of energy per year for five years.

3. *PanCanadian Energy Services (PanCanadian) - Electricity Export (File 6200-P080-1)*

On 18 July, the Board approved an application dated 15 March from PanCanadian for permits to export up to 1 000 megawatts of firm power and up to 5 000 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

Matters Under Consideration

4. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible

energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila Canada requesting additional information.

5. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila requesting additional information.

6. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Encore requesting additional information.

7. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

8. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June, the Board sent a letter to TransCanada requesting additional information.

9. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - (File 2200-C019-1)*

On 20 July, Cedars applied for permits to:

- i) reconstruct at 230 kilovolts (kV) a 1.92 kilometre section of an existing IPL;
- ii) operate at 120 kV the reconstructed 1.92 kilometre IPL and 1.8 kilometres of the

existing IPL; and,

- iii) dismantle 1.92 kilometres of the existing IPL after the commissioning of the reconstructed section.

The IPL would extend for 1.92 kilometres westward from the existing tap of the supply line to the Rosemount substation located in Cornwall, Ontario and then southward for a further 1.8 kilometres to the international boundary located in Cornwall.

As a subsidiary option, in case the above application is not granted, Cedars applied for a permit to:

- i) reconstruct at 230 kV the existing IPL for a distance of 71 kilometres, from Les Cèdres generating station in Quebec to a connecting point located in Cornwall;
- ii) operate at 120 kV the reconstructed IPL; and,
- iii) dismantle the existing IPL after the commissioning of the reconstructed IPL.

In both cases, Cedars is also requesting an order for the revocation of Certificate of Public Convenience and Necessity EC-10 issued by the Board in 1959.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

2. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 18 July, the Board approved an application dated 15 December 2000 from WEI for approval to construct upstream facilities in order to debottleneck the Pine River Plant, which is located 30 kilometres (18.6 miles) south of Chetwynd, British Columbia, and gas from the Grizzly Valley Raw Gas Transmission System. The applied-for facilities, which will expand raw gas deliveries to meet the Pine River Plant's initial design residue gas capability, include: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well. The

proposed gas stripper facility and the booster compressor unit would be located 29 kilometres southeast of the Pine River Plant. The estimated cost of the project is \$95.5 million.

Matters Under Consideration

3. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

4. *Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project (File 3400-P097-1)*

On 29 June, Paramount applied for approval to construct two pipelines, the first is a 15 kilometre (9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million and the proposed in-service date is April 2002.

5. *Ricks Nova Scotia Co. (Ricks) and AEC Oil and Gas (AEC) - Sale of the Ladyfern Pipeline (Files 3400-A081-1 and 3400-R029-2)*

On 1 March, Ricks and AEC filed a joint application for approval of the sale and purchase of Ricks' Ladyfern Pipeline to AEC. The Ladyfern Pipeline is a 12 kilometre (7.5 mile), 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

On 27 June, the Board advised the companies that until such time as additional information is provided, the application will be considered incomplete.

6. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly

acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

Traffic, Tolls And Tariff Matter

Matter Under Consideration

1. *Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)*

On 25 August, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September, the Board, at the request of Murphy, extended the dates for the filing of submissions.

Frontier Matters

1. *Imperial Oil Resources Limited* was given approval on 20 July for injection of propane or fresh water into the Esso Norman Wells H-27X well pursuant to section 29 of the *Canada Oil and Gas Production and Conservation Regulations*.
2. *Geological, geophysical or geotechnical operation*: (this report corrects the reports for May and June). Eleven applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act* as follow:

Company	Area	Operation ID	Date
Canadian Forest Oil Ltd.	Liard NWT	9229-C131-006E	22 May
Petro-Canada Inc.	Mackenzie Delta NWT	9329-P028-006E	31 May
Canadian Forest Oil Ltd.	Ft. Liard NWT	9229-C131-007E	11 June
Fugro Airborne Surveys Corp.	Hay R. NWT	9221-F023-001E	14 June
Talisman Energy Inc.	Liard NWT	9229-T057-001E	21 June
Petro-Canada Inc.	Richardson Mtns. NWT	9337-P028-001E	25 June
Canadian Forest Oil Ltd.	La Biche NWT	9237-C131-003E	28 June
ARCIS Partnership	Nahanni NWT	9229-A071-001P	29 June
ARCIS Partnership	Liard NWT	9233-A071-001P	29 June
Anderson Resources Ltd.	Beaufort Sea	9424-A066-001E	19 July
Fugro Airborne Surveys Corp.	S.W. N.W.T.	9221-F023-001P	25 July

Appeal and Review

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's

Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
AltaGas (Sask) Inc.	File: 3400-A169-5 Order: XG-A169-20-2001	Application dated 30 April; approved on 11 July. Construct 3.3 kilometres of sour gas pipeline from Alberta to Saskatchewan.	297 000
Foothills Pipe Lines Ltd.	File: 3400-F006-37 Order: XG-F006-23-2001	Application dated 18 June; approved on 27 July. Six projects.	3 166 900
Maritimes & Northeast Pipeline Management Ltd.	File: 3400-M124-13 Order: XG-M124-21-2001	Application dated 10 May; approved on 13 July. Construct Custody Transfer Station Facilities at Saint John, New Brunswick.	946 000
Westcoast Energy Inc.	File: 3400-W005-274 Order: XG-W005-18-2001	Application dated 14 May; approved on 10 July. Three projects.	230 000
	File: 3400-W005-271 Order: XG-W005-19-2001	Application dated 24 April; approved on 13 July. Three projects.	1 800 000
	File: 3400-W005-265 Order: XG-W005-22-2001	Application dated 15 December; approved on 18 July. Construct the Kwoen facilities.	95 500 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-35 Order: XO-E101-18-2001	Application dated 4 June; approved on 13 July. Construct two crude oil tanks and associated facilities at the Tank Terminal in Hardisty, Alberta.	23 310 000
Trans-Northern Pipelines Inc.	File: 3400-T002-47 Order: XO-T002-17-2001	Application dated 18 May; approved on 5 July. Pipeline replacements in the Townships of Edwardsburg and Osnabruck, Ontario.	350 000
	File: 3400-T002-49 Order: XO-T002-19-2001	Application dated 27 June; approved on 20 July. Pipeline replacement in the Township of Sidney, Ontario.	200 000
	File: 3400-T002-48 Order: XO-T002-20-2001	Application dated 27 June; approved on 20 July. Pipeline replacement in the Township of Cramahe and Municipality of Clarington in Ontario.	480 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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08-2001

National Energy
BoardOffice national
de l'énergie

31 August 2001

Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of August 2001

Results Of Mediation Consultation

On 31 July, the Board issued the results of mediation consultation with members of the industry, landowners and landowner associations.

In January, the Board had sought comments on the use of mediation in resolving landowner objections to proposed pipeline routes. The Board also sought comments on a document entitled *Draft Mediation Practice Direction* and asked for suggestions on the use of Alternative Dispute Resolution in other types of NEB applications.

In light of the general overall support of mediation at the detailed route stage of

proceedings, the Board has decided to implement a mediation process as one method to resolve disputes between landowners and companies over the detailed routes of easements for the transmission of energy. The Board has revised the *Draft Mediation Practice Direction* and incorporated many of the suggestions made by the participants.

The results of the consultations and the document *Practice Direction for the Mediation of Detailed Route Objections* can be found on the Board's Internet site at www.neb-one.gc.ca.

Conventional Heavy Oil Resources Of The Western Canada Sedimentary Basin

On 30 August, the Board issued a report entitled *Technical Report, Conventional Heavy Oil Resources of the Western Canada Sedimentary Basin, August 2001*. The report presents the results of an extensive review of Canadian

conventional heavy crude oil resources and is focussed on examining and updating estimates of the volume of conventional heavy oil contained in the ground (oil in place). Estimates are also provided for that portion of

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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the oil in place that is recoverable. These estimates consider both the volume available from current technology and production practices, and the potential volume from future technologies which could increase recovery levels. The results of an analysis of supply costs are also provided, as is a discussion of the

relative economics of conventional heavy oil production.

The Report can be found on the Board's Internet site at www.neb-one.gc.ca under the headings *Publications, Reports, Assessment (Energy Resources)*.

Public Hearing Applications

Hearing Decision Pending

1. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)*

On 26 July, WEI filed a final draft of the Sulphur Pipeline Comprehensive Plan. On 12 April, the Board had decided not to permit WEI to reopen its Pine River Gas Plant Sulphur Pipeline until it is satisfied that certain issues have been fully addressed, or that a comprehensive plan is in place to address those issues. On 24 April, the Board sent a letter to WEI providing the scope for the comprehensive plan to be developed by the company.

On 16 March, the Board had issued an order, following a number of fires on the pipeline, directing WEI to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of WEI's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was to determine if the pipeline may be safely operated; whether the Board should order WEI to repair, reconstruct or alter part of the pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on WEI in order to ensure the safe operation of the pipeline.

Hearings Scheduled

1. *BC Gas Utility Ltd. (BC Gas) - Review of Reasons for Decision RH-2-98 - RH-2-2001 (File 4775-W005-1-15)*

The Board will hold a public hearing commencing on 10 September in Vancouver, British Columbia on an application from BC Gas to review and vary a decision that the Board rendered in March 1999. The decision followed a public hearing (hearing number RH-2-98) regarding an application by BC Gas for access to

the pipeline system of Westcoast Energy Inc. (WEI) and the appropriate tolls for the service.

On 8 May, BC Gas applied to the Board for: i) a review and variance of the Board's decision and Order TG-2-99 issued following the RH-2-98 proceeding; and, ii) an order establishing the terms and conditions, including tolls, under which WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

In the RH-2-98 Decision, the Board had approved a request by BC Gas for a receipt point on WEI's pipeline at Kingsvale, British Columbia and for WEI to receive, transport and deliver any gas delivered at Kingsvale to the Huntingdon Delivery Area. The Board had also decided that the appropriate toll for firm service from Kingsvale to Huntingdon would be WEI's Zone 4 toll to Huntingdon.

BC Gas stated that the grounds for review and variance of the RH-2-98 Decision are the changed circumstances and new facts that have arisen since that Decision was rendered. BC Gas also stated that the changed circumstances provide justification for an order establishing the terms and conditions, including tolls, under which WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia (for more information on the changed circumstances and new facts, refer to the June 2001 *Regulatory Agenda*).

2. *TransCanada PipeLines Limited (TCPL) - 2001/2002 Tolls and Tariff - RH-1-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 17 September, previously scheduled for 20 August, in Calgary, Alberta on an application from TCPL concerning 2001/2002 tolls and tariff issues (Tolls Application).

In April, TCPL and certain stakeholders reached an agreement on the terms of a settlement. The

proposed settlement related to all tolls and tariff matters for the years 2001 and 2002, excluding cost of capital issues. The settlement, which would have been effective 1 January 2001, established a toll methodology to be utilized for both 2001 and 2002, tariff provisions to be applicable in that time period, and the components of the revenue requirement to be used in the calculation for tolls for 2001.

On 6 June, TCPL filed an application for the approval of the cost of capital to be included in the calculation of its mainline tolls for the years 2001 and 2002. The Board will hold a public hearing, tentatively scheduled for 12 February 2002, to consider the application (see item 4 below).

In May, the Board had requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. Subsequent to a review of the comments received, the Board decided that TCPL's settlement was not in accordance with the Board's *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*. The Board directed TCPL to advise whether it wished to file an amended application or have the Board treat the application as a common position of parties. TCPL advised the Board that, after communicating with all of the signatories to the proposed settlement, it had decided not to file an amended application and requested that the Board establish a process to consider the application as filed.

3. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls - RH-3-2001 (File 4200-M124-1)*

The Board will hold a public hearing commencing on 11 October in Dartmouth, Nova Scotia on an application by M&NP for the approval of final tolls for the period 1 October 2000 to 31 December 2001 (Test Period 2001) and the period 1 January 2002 to 31 December 2002 (Test Period 2002).

For Test Period 2001, M&NP is requesting approval of a revenue requirement of \$177.9 million, a rate base of \$883.2 million and a rate of return on rate base of 8.41 per cent. For Test Period 2002, M&NP is requesting approval of a revenue requirement of \$146.7 million, a rate base of \$900.1 million and a rate of return on rate base of 8.25 per cent. M&NP has been operating on interim tolls approved by the Board effective 1 October 2000.

4. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing tentatively scheduled to commence on 12 February 2002, at a location to be announced later, concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002. The Board will conduct a procedural conference commencing on 19 September in Calgary, Alberta to receive views of parties on certain procedural matters.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.61 per cent was established for 2001.

In this application, TCPL submitted that the deemed capital structure of 30 per cent common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

Hearing Applications Filed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfall point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British

Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

Following a request from the Board, the Minister of the Environment announced on 4 October 2000 that the proposed Georgia Strait Crossing Pipeline Project will be sent to an independent environmental assessment review panel. The Board will announce at a later time how the application will be processed.

2. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the

Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. On 20 July, WEI filed a draft Comprehensive Study Report for review by the Board and the Department of Fisheries and Oceans.

3. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)*

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

On 9 July, the Board issued for public comment a draft scope of an environmental assessment of the proposal by NB Power. A proposal of this nature requires that an environmental assessment in the form of a comprehensive study be carried out under the Canadian Environmental Assessment Act. The Board, the Department of Fisheries and Oceans and the federal Minister of the Environment have identified the scope of the proposed project and the factors to be considered during the environmental assessment. These factors, along with other details of the assessment, can be found in a document entitled Draft Scope of the Environmental Assessment, New Brunswick Power Corporation International Power Line.

4. *Petro-Canada Oil & Gas (Petro-Canada) - Medicine Hat Pipeline (File*

On 25 July, Petro-Canada applied to construct a natural gas pipeline from the Medicine Hat,

Alberta area to Burstall Saskatchewan.

Petro-Canada proposes to construct approximately 67 kilometres (42 miles) of 273.1 millimetre (10 inch) natural gas pipeline from its existing natural gas production properties located in the Medicine Hat area to TransCanada Pipelines Limited's system near Burstall, Saskatchewan. The pipeline will have a design capacity to transport 1.5 million cubic metres (53 million cubic feet) per day of natural gas. The proposed pipeline route begins near the southeastern side of the Suffield Military Block in Alberta and extends northeast to Burstall, Saskatchewan. The pipeline route follows existing corridors for most of its length with approximately 13 kilometres (8 miles) of new right-of-way being required. The estimated cost of the pipeline is \$9.9 million and the proposed in-service date is 1 May 2002.

Hearings Adjourned and Postponed

1. *St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian*

Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

2. *Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

3. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

4. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila Canada requesting additional information.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila requesting additional information.

3. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - (File 2200-C019-1)*

On 20 July, Cedars applied for permits to:

- i) reconstruct at 230 kilovolts (kV) a 1.92 kilometre section of an existing IPL;
- ii) operate at 120 kV the reconstructed 1.92 kilometre IPL and 1.8 kilometres of the existing IPL; and,
- iii) dismantle 1.92 kilometres of the existing IPL after the commissioning of the reconstructed section.

The IPL would extend for 1.92 kilometres westward from the existing tap of the supply line to the Rosemount substation located in Cornwall, Ontario and then southward for a further 1.8 kilometres to the international boundary located in Cornwall.

As a subsidiary option, in case the above application is not granted, Cedars applied for a permit to:

- i) reconstruct at 230 kV the existing IPL for a distance of 71 kilometres, from Les Cèdres generating station in Quebec to a connecting point located in Cornwall;

- ii) operate at 120 kV the reconstructed IPL; and,
- iii) dismantle the existing IPL after the commissioning of the reconstructed IPL.

In both cases, Cedars is also requesting an order for the revocation of Certificate of Public Convenience and Necessity EC-10 issued by the Board in 1959.

4. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Encore requesting additional information.

5. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

6. *Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)*

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy per year for a period of 10 years.

7. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June, the Board sent a letter to TransCanada requesting additional information.

Natural Gas Matter

Matter Under Consideration

1. *TransCanada Energy Ltd. (TCE) - Contract Amendments - Natural Gas Export Licence GL-172 (File 7200-W035-8-2)*

On 14 May, TCE applied for approval to amend the pricing provision of the Gas Export Sales Contract between Western Gas Marketing Limited and Vermont Gas Systems Inc. underpinning natural gas export under Licence GL-172 and to change the name of the holder on the Licence from Western Gas Marketing to TCE. Under Licence GL-172, natural gas is exported via Philipsburg, Quebec to Vermont Gas Systems Inc.

On 26 July, the Board sent a letter to TCE requesting additional information.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

3. *Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project (File 3400-P097-1)*

On 29 June, Paramount applied for approval to construct two pipelines, the first is a 15 kilometre (9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest

Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million and the proposed in-service date is April 2002.

4. *Ricks Nova Scotia Co. (Ricks) and AEC Oil and Gas (AEC) - Sale of the Ladyfern Pipeline (Files 3400-A081-1 and 3400-R029-2)*

On 1 March, Ricks and AEC filed a joint application for approval of the sale and purchase of Ricks' Ladyfern Pipeline to AEC. The Ladyfern Pipeline is a 12 kilometre (7.5 mile), 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

On 27 June, the Board advised the companies that until such time as additional information is provided, the application will be considered incomplete.

5. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

(For more information regarding this application, see the Regulatory Agenda dated 1 July 2001)

6. *TransCanada Pipelines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)*

On 5 July, TCPL applied for approval to deactivate certain compression facilities at 16 stations on its mainline system. The estimated cost of the project is \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application, namely; the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 13 August, the Board invited interested parties to provide comments on the following: i) the need for such a conference, ii) the timing for such a conference, and iii) the issues that should be addressed.

Traffic, Tolls and Tariff Matter

Matter Completed

1. *Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)*

On 9 August, the Board issued its decision

regarding Murphy's final tolls on the Milk River Pipeline, now owned by Plains Marketing Canada, L.P., for the period effective 1 September 2000.

On 25 August 2000, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

The Board held a written proceeding to examine the tolls.

Frontier Matters

1. *Paramount Resources Ltd.* was given approval on 31 July for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the following wells:

Paramount et al Cameron B-08,
Paramount et al Cameron N-28,
Paramount et al Cameron C-75,
Paramount et al Fort Liard A-01,
Paramount Berkley Arrowhead N-65,
Paramount et al Cameron C-19,
Paramount et al Cameron C-50,
Paramount et al Cameron I-74 and;
Paramount et al Swede A-73.

2. *Paramount Resources Ltd.* - The Governor in Council has consented, by Order in Council P.C. 2001-1436 dated 15 August, to the Board's approval of Part I of the Development Plan for the Paramount et al Southeast Fort Liard N-01 Gas Field.

3. *Paramount Resources Ltd.* was given approval on 16 August for the construction of the Southeast Fort Liard N-01 gas well tie-in pursuant to paragraph 5(1)(b) of the *Canada Oil and Operations Act*.

4. *Paramount Resources Ltd.* was given approval on 17 August for a "Production Operations Authorization" pursuant to section 9 of the

Canada Oil and Gas Production and Conservation Regulations for the Southeast Fort Liard gas project.

5. **Geological, geophysical or geotechnical operations:** three applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act* as follow:

Company	Area	Operation ID	Date
TGS-NOPEC	Davis Strait	9724-T063-001P	1 August
Explor-Data	Liard	9229-E034-008P	13 August
Anderson Exploration	Beaufort Sea (amendment)	9424-A066-001E	14 August

Appeal and Reviews

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading Appeals of the 31 August 2000 issue of the Regulatory Agenda.

Reviews Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the National Energy Board Rules of Practice and Procedure, 1995, including notification to potentially interested persons.

2. *Saulteau First Nations - Westcoast Energy Inc's (WEI) Kwoen Facilites (3400-W005-265)*

On 22 August, the Saulteau First Nations applied for a review and a stay of Order XG-W005-22-2001 by which the Board has given approval to WEI to construct the Kwoen Facilities. The Kwoen Facilities, which will be located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Saulteau First Nations' grounds for review and stay are as follows: (i) errors of law or jurisdiction; (ii) changed circumstances arising since the close of the original proceeding; failure by previous counsel to appear before the Board and subsequent appearance by new counsel; (iii) facts not placed in evidence in the original proceedings; and, (iv) nature of the prejudice that will result from the order.

On 24 August, the Board decided to establish a process to consider the submissions of the parties in relation to the application. Specifically the Board sought submissions on the question of whether a doubt has been raised as to the correctness of the Board's decision or order and whether a stay should be granted.

Amendments to Regulations and Rules

1. **National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)**

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. **Processing Plant Regulations (the Regulations) (File 185-A000-13)**

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. **National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)**

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. **Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)**

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. **The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)**

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. **Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II**

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada PipeLines Limited	File: 3400-T001-189 Order: XG-T00125-2001	Application dated 20 November; approved on 16 August. Environmental sampling program at 51 compressor stations.	370 000
	File: 3400-T001-185 Order: XG-T001-26-2001	Application dated 17 July 2000; approved on 16 August. Year 2000 containment and infrastructure program.	2 750 000
Westcoast Energy Inc.	File: 3400-W005-275 Order: XG-W005-24-2001	Application dated 20 July; approved on 16 August. Deactivate the 2.16 kilometre West Nig Pipeline	N/A

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Ind.	File: 3400-E101-36 Order: XO-E101-21-2001	Application dated 24 July; approved on 21 August. Upgrade the cathodic protection at the Westover Station.	29 400
Express Pipelines Ltd.	File: 3400-E092-6 Order: XO-E092-22-2001	Application dated 10 July; approved on 28 August. Construct a cathodic protection groundbed.	17 714
Trans Mountain Pipeline Company Ltd.	File: 3400-T004-78 Order: XO-T004-23-2001	Application dated 9 July; approved on 31 August. Modifications at the Edmonton Terminal.	1 500 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of September 2001

Public Hearing Applications

Hearing Decisions Pending

1. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)*

On 26 July, WEI filed a final draft of the Sulphur Pipeline Comprehensive Plan. On 12 April, the Board had decided not to permit WEI to reopen its Pine River Gas Plant Sulphur Pipeline until it was satisfied that certain issues have been fully addressed, or that a comprehensive plan is in place to address those issues. On 24 April, the Board sent a letter to WEI providing the scope for the comprehensive plan to be developed by the company.

On 16 March, the Board had issued an order, following a number of fires on the pipeline, directing WEI to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of WEI's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was

to determine if the pipeline may be safely operated; whether the Board should order WEI to repair, reconstruct or alter part of the pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on WEI in order to ensure the safe operation of the pipeline.

2. *BC Gas Utility Ltd. (BC Gas) - Review of Reasons for Decision RH-2-98 - RH-2-2001 (File 4775-W005-1-15)*

The Board held a public hearing from 10 to 12 September in Vancouver, British Columbia on an application from BC Gas to review and vary a decision that the Board rendered in March 1999. The decision followed a public hearing (hearing number RH-2-98) regarding an application by BC Gas for access to the pipeline system of Westcoast Energy Inc. (WEI) and the appropriate tolls for the service.

On 8 May, BC Gas applied to the Board for: i) a review and variance of the Board's decision and Order TG-2-99 issued following the RH-2-98 proceeding; and, ii) an order establishing the terms and conditions, including tolls, under

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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which WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

In the RH-2-98 Decision, the Board had approved a request by BC Gas for a receipt point on WEI's pipeline at Kingsvale, British Columbia and for WEI to receive, transport and deliver any gas delivered at Kingsvale to the Huntingdon Delivery Area. The Board had also decided that the appropriate toll for firm service from Kingsvale to Huntingdon would be WEI's Zone 4 toll to Huntingdon.

BC Gas stated that the grounds for review and variance of the RH-2-98 Decision are the changed circumstances and new facts that have arisen since that Decision was rendered. BC Gas also stated that the changed circumstances provide justification for an order establishing the terms and conditions, including tolls, under which WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia (for more information on the changed circumstances and new facts, refer to the June 2001 *Regulatory Agenda*).

3. *TransCanada PipeLines Limited (TCPL) - 2001/2002 Tolls and Tariff - RH-1-2001 (File 4200-T001-15)*

The Board held a public hearing from 17 September to 2 October in Calgary, Alberta on an application from TCPL concerning 2001/2002 tolls and tariff issues (Tolls Application).

In April, TCPL and certain stakeholders reached an agreement on the terms of a settlement. The proposed settlement related to all tolls and tariff matters for the years 2001 and 2002, excluding cost of capital issues. The settlement, which would have been effective 1 January 2001, established a toll methodology to be utilized for both 2001 and 2002, tariff provisions to be applicable in that time period, and the components of the revenue requirement to be used in the calculation for tolls for 2001.

On 6 June, TCPL filed an application for the approval of the cost of capital to be included in the calculation of its mainline tolls for the years 2001 and 2002. The Board will hold a public hearing, commencing on 18 February 2002, to consider the application (see item 3 below).

In May, the Board had requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. Subsequent to a review of the comments received, the Board decided that TCPL's

settlement was not in accordance with the Board's *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*. The Board directed TCPL to advise whether it wished to file an amended application or have the Board treat the application as a common position of parties. TCPL advised the Board that, after communicating with all of the signatories to the proposed settlement, it had decided not to file an amended application and requested that the Board establish a process to consider the application as filed.

Hearings Scheduled

1. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls - RH-3-2001 (File 4200-M124-1)*

The Board will hold a public hearing commencing on 11 October in Dartmouth, Nova Scotia on issue 4 of Hearing Order RH-3-2001 which reads "As it applies to new pipeline facilities, the proper application of Article 17 of the General Terms and Condition of M&NP's Gas Tariff (the Article 17 issue)". Article 17 of M&NP's General Terms and Conditions deals with the policy with respect to fees and construction of new facilities.

On 31 August, M&NP advised the Board that the Tolls and Tariff Working Group had, by unopposed resolution, approved a settlement of M&NP's application for final tolls commencing 1 October 2000. The RH-3-2001 hearing had been scheduled to deal with M&NP's application for final tolls for the period 1 October 2000 to 31 December 2002. On 31 August, the Board decided to stay the remaining procedural steps outlined in RH-3-2001, with the exception of those related to the Article 17 issue.

On 14 September, M&NP filed with the Board for approval its Settlement Compliance Filing which calculated M&NP's toll incorporating the terms and conditions of the 31 August Settlement Agreement. On 20 September, the Board, in accordance with the *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, sought the comments of interested parties on the 14 September Compliance Filing as well as comments on the need for and nature of a further process to consider the filing.

2. *Petro-Canada Oil & Gas (Petro-Canada) - Medicine Hat Pipeline (File 3200-P100-1)*

The Board will hold a public hearing commencing on 19 November, at a location to be announced at a future date, on an application from Petro-Canada to construct a natural gas pipeline from the Medicine

Hat, Alberta area to Burstall, Saskatchewan.

Petro-Canada proposes to construct approximately 67 kilometres (42 miles) of 273.1 millimetre (10 inch) natural gas pipeline from its existing natural gas production properties located in the Medicine Hat area to TransCanada Pipelines Limited's system near Burstall, Saskatchewan. The pipeline will have a design capacity to transport 1.5 million cubic metres (53 million cubic feet) per day of natural gas. The proposed pipeline route begins near the southeastern side of the Suffield Military Block in Alberta and extends northeast to Burstall, Saskatchewan. The pipeline route follows existing corridors for most of its length with approximately 13 kilometres (8 miles) of new right-of-way being required. The Medicine Hat Pipeline is proposed to be in-service in May, 2002 with an estimated capital cost of \$9.9 million.

3. *TransCanada Pipelines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 18 February in Calgary, Alberta concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002. The Board held a procedural conference on 19 September in Calgary to receive views of parties on certain procedural matters.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.61 per cent was established for 2001.

In this application, TCPL submitted that the deemed capital structure of 30 per cent common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5

per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

Hearing Applications Filed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 20 September, the Minister of Environment Canada and the Chairman of the National Energy Board signed an agreement establishing a joint panel, in accordance with the Canadian Environmental Assessment Act and the National Energy Board Act, to review the GSX Project. The joint panel will consist of three members, two members from the National Energy Board and one member appointed by the Minister of Environment.

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfall point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

2. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. On 20 July, WEI filed a draft Comprehensive Study Report for review by the Board and the Department of Fisheries and Oceans.

3. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine.

Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

On 9 July, the Board issued for public comment a draft scope of an environmental assessment of the proposal by NB Power. A proposal of this nature requires that an environmental assessment in the form of a comprehensive study be carried out under the *Canadian Environmental Assessment Act*. The Board, the Department of Fisheries and Oceans and the federal Minister of the Environment have identified the scope of the proposed project and the factors to be considered during the environmental assessment. These factors, along with other details of the assessment, can be found in a document entitled *Draft Scope of the Environmental Assessment, New Brunswick Power Corporation International Power Line*.

Hearing Application Withdrawn

1. St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)

On 14 August, TCPL and St. Clair withdrew their respective applications to construct and operate two natural gas pipelines in southwestern Ontario. The withdrawal follows an adjournment granted 29 June 2000 by the Joint Review Panel established under the *Canadian Environmental Assessment Act* and the *National Energy Board Act*. On 20 September, the Joint Review Panel advised all parties that the GH-1-2000 proceeding was concluded.

TCPL and St. Clair said in a letter that the withdrawal is due to unexpected delays in the issuance of regulatory approvals for the U.S. Millennium Pipeline Project, uncertainties with the marketing and commercial activities and that it would have been necessary to amend significant portions of the existing applications to reflect economic and technical changes to the Canadian Project since the original filings.

In December 1998, St. Clair applied to construct and operate Millennium West Pipeline; a 914 millimetre (36 inch) pipeline extending 74 kilometres (58 miles) from a point near Sarnia, Ontario to the shore of Lake Erie, near Patrick Point, 25 kilometres (15 miles) southwest of Port Stanley. In the same month, TCPL applied to construct and operate the Lake Erie Crossing Pipeline; a pipeline that would interconnect with the Millennium West Pipeline at

Patrick Point and extends 97 kilometres (60 miles) across Lake Erie to connect with the proposed Millennium Pipeline Company, L.P. facilities at the international border beneath the waters of Lake Erie. The two pipeline projects together were known as the Canadian Millennium Pipeline Project.

Hearings Adjourned and Postponed

1. *Sumas Energy 2, Inc.(SE2) - International Power Line (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila Canada requesting additional information.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila requesting additional information.

3. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - (File 2200-C019-1)*

On 20 July, Cedars applied for permits to:

- reconstruct at 230 kilovolts (kV) a 1.92 kilometre section of an existing IPL;
- operate at 120 kV the reconstructed 1.92 kilometre IPL and 1.8 kilometres of the existing IPL; and,
- dismantle 1.92 kilometres of the existing IPL after the commissioning of the reconstructed section.

The IPL would extend for 1.92 kilometres westward from the existing tap of the supply line to the Rosemount substation located in Cornwall, Ontario and then southward for a further 1.8 kilometres to the international boundary located in Cornwall.

As a subsidiary option, in case the above application is not granted, Cedars applied for a permit to:

- reconstruct at 230 kV the existing IPL for a distance of 71 kilometres, from Les Cèdres generating station in Quebec to a connecting point located in Cornwall;
- operate at 120 kV the reconstructed IPL; and,
- dismantle the existing IPL after the commissioning of the reconstructed IPL.

In both cases, Cedars is also requesting an order for the revocation of Certificate of Public Convenience and Necessity EC-10 issued by the Board in 1959.

4. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Encore requesting additional information.

5. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL) (File 2200-M024-4)*

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S. portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

6. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

7. *Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)*

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy per year for a period of 10 years.

On 1 October, the Board sent a letter to Nexen requesting additional information.

8. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June, the Board sent a letter to TransCanada requesting additional information.

Natural Gas Matter

Matter Under Consideration

1. *TransCanada Energy Ltd. (TCE) - Contract Amendments - Natural Gas Export Licence GL-172 (File 7200-W035-8-2)*

On 14 May, TCE applied for approval to amend the pricing provision of the Gas Export Sales Contract between Western Gas Marketing Limited and Vermont Gas Systems Inc. underpinning natural gas export under Licence GL-172 and to change the name of the holder on the Licence from Western Gas Marketing to TCE. The Board also decided to reduce the volumes authorized for export to reflect a reduction in the contracted volumes. Under Licence GL-172, natural gas is exported via Philipsburg, Quebec to Vermont Gas Systems Inc.

On 26 July, the Board sent a letter to TCE requesting additional information.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

2. *Ricks Nova Scotia Co. (Ricks) and AEC Oil and Gas (AEC) - Sale of the Ladyfern Pipeline (Files 3400-A081-1 and 3400-R029-2)*

On 10 September, the Board approved a joint application dated 1 March filed by Ricks and AEC for approval of the sale and purchase of Ricks' Ladyfern Pipeline to AEC. The Ladyfern Pipeline is a 12 kilometre (7.5 mile), 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

Matters Under Consideration

3. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

4. Canadian National Resources Limited (CNRL) - Ladyfern Pipeline (File 3400-C298-11)

On 20 July, CNRL applied for approval to construct a natural gas pipeline known as the Ladyfern Pipeline. The Ladyfern Pipeline would consist of approximately 11.8 kilometres (6.8 miles) of 508 millimetres (20 inch) pipeline that would parallel the recently constructed Ricks Ladyfern Pipeline. The pipeline route begins at d-87-H/94-H1 in northeastern British Columbia and extends generally east to the existing TransCanada PipeLines Limited Owl Lake South Meter Station in northwestern Alberta. The estimated cost of the project is \$6 million and the proposed in-service date is 15 March 2002.

5. Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project (File 3400-P097-1)

On 29 June, Paramount applied for approval to construct two pipelines, the first is a 15 kilometre (9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million and the proposed in-service date is April 2002.

6. Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information. On 10 September, the Board sent a letter to Pouce Coupe requesting an update concerning the status of the application.

7. TransCanada PipeLines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)

On 5 July, TCPL applied for approval to deactivate certain compression facilities at 16 stations on its mainline system. The estimated cost of the project is \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application; namely, the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 13 August, the Board invited interested parties to provide comments on the following: i) the need for such a conference, ii) the timing for such a conference, and iii) the issues that should be addressed.

On 11 September, the Board decided to convene a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding an possible resolution of some or all of those issues and to determine if there will be a need for a further Board process.

Traffic, Tolls and Tariff Matter

Matter Completed

1. TransCanada PipeLines Limited (TCPL) - Reports of the 2001 Tolls Task Force (4775-T001-1/01-4 and -5)

The Board has approved the following resolutions of the 2001 Toll Task Force:

Resolution No.	Date approved	Subject
05.2001	10 September	Inventory Management Program
06.2001	14 September	Balancing Service Changes

Frontier Matters

1. **Paramount Resources Ltd.** was given approval on 5 September for the “Well Termination Record” for the Para et al Fort Liard O-35 well pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations*.
2. **Paramount Resources Ltd.** submitted on 18 September on behalf of itself and its partner, Anadarko Canada Corporation, an application for “A Significant Discovery Declaration” covering lands in the southern NWT in the vicinity of NSM et al

Arrowhead G-69. The application was made pursuant to Part III, Section 28 of the *Canada Petroleum Resources Act* and Part II.1, Section 28.2 of the *National Energy Board Act*.

3. **Geological, geophysical or geotechnical operation:** two applications were approved pursuant to section 5 of the *Canada Oil and Gas Operations Act* as follows:

Company	Area	Operation ID	Date
CANNAT Resources	Lancaster Sound	9728-C138-1E	7 September 2001
EOG Resources	Sahtu	9237-E35-1E	21 June 2000

Appeal and Reviews

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Reviews Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

2. *Saulteau First Nations - Westcoast Energy Inc's (WEI) Kwoen Facilities (3400-W005-265)*

On 22 August, the Saulteau First Nations applied for a review and a stay of Order XG-W005-22-2001 by which the Board has given approval to WEI to construct the Kwoen Facilities. The Kwoen Facilities, which will be located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Saulteau First Nations' grounds for review and stay are as follows: (i) errors of law or jurisdiction; (ii) changed circumstances arising since the close of the original proceeding; failure by previous counsel to appear before the Board and subsequent appearance by new counsel; (iii) facts not placed in evidence in the original proceedings; and, (iv) nature of the prejudice that will result from the order.

On 24 August, the Board decided to establish a process to consider the submissions of the parties in relation to the application. Specifically the Board sought submissions on the question of whether a doubt has been raised as to the correctness of the Board's decision or order and whether a stay should be granted.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Appointment - Temporary Board Member

On 20 September, the Minister of Environment Canada appointed the Honourable Bryan Williams, Q.C. to be a member, together with two members of the National Energy Board, of the joint review panel established in accordance with the *Canadian Environmental Assessment Act* and the *National Energy Board Act* to review the GSX Canada Pipeline project in British Columbia.

Bryan Williams is a retired Chief Justice of the Supreme Court of British Columbia. Since his retirement in May 2000, he has worked as associate counsel with the law firm Miller Thomson LLP, formerly Swinton & Company, where he practiced from 1958 until his appointment to the British Columbia Court of Appeal in 1995. As senior counsel at Swinton & Company, Mr. Williams was involved in major litigation in the province of British Columbia, including a landmark case on Aboriginal rights, *Delgamuuk v. Her Majesty the Queen*, in which he represented the province of B.C. His legal practice focused mainly on arbitration and mediation,

commercial law, constitutional law, Aboriginal law and environmental law.

Mr. Williams has held directorships with several community organizations, including the World Wildlife Fund of Canada. He was also a member of the British Columbia Round Table on the Economy and Environment. Mr. Williams also chaired the Sustainable Development Strategy Committee, was a founding Director of the Laurier Institution on Multiculturalism, and was appointed by the government of British Columbia as a special commissioner for planning process at Cypress Provincial Park in 1994. He also chaired the Port Hardy Ferrochromium Review Panel in 1990, and the Special Committee on British Columbia Wilderness and Land Allocation, establishing new parks and existing park boundaries, in 1986.

Mr. Williams holds a Bachelor of Commerce degree and a Bachelor of Laws from the University of British Columbia. He also received an Honorary Doctor of Laws degree from the University of Victoria, and was the recipient of the 125th Confederation of Canada Medal of Honour.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
AEC Suffield Gas Pipeline Inc.	File: 3400-A163-3 Order : XG-A163-25-2001	Application dated 4 July; approved on 13 September. Install metering facilities at Burstall, Saskatchewan.	1 189 550
AltaGas (Sask) Inc.	File: 3400-A092-1 Order: XG-A092-31-2001	Application dated 22 August; approved on 28 September. Revise Order XG-A169-20-2001 to reduce by 60 metres the length of the pipeline approved by that Order. Order XG-A169-20-2001 approved the construction of 3.3 kilometres of sour gas pipeline from Alberta to Saskatchewan. The Board revoke Order XG-A169-20-2001 and issued Order XG-A092-31-2001.	N/A
Foothills Pipe Lines Ltd.	File: 3400-F012-10 Order: XG-F012-24-2001	Application dated 20 July; approved on 10 September. Cathodic protection test lead installations and Upgrades at Zone 9.	75 000
Gazoduc Trans Québec & Maritimes Inc.	File: 3400-T028-32 Order : XG-T028-23-2001	Application dated 17 May; approved on 6 September. Add a receipt point at Sainte-Geniève-de-Berthier.	315 000
TransCanada Pipelines Limited	File: 3400-T001-191 Order: XG-T001-28-2001	Application dated 5 July; approved on 24 September. Corrosion Remedial Construction Program.	9 800 000
TransCanada Pipelines Limited B.C. System	File: 3400-T054-1 Order: XG-T054-30-2001	Application dated 6 September; approved on 28 September. Removes asbestos in the roof of a garage at Cranbrook.	96 000
Westcoast Energy Inc.	File: 3400-W005-276 Order: XG-W005-27-2001	Application dated 24 July; approved on 24 September. Modify the Fort St. John Raw Gas Transmission System to accommodate increased volume and delivery on the Milligan-Peejay Loop Pipeline.	320 000
	File: 3400-W005-277 Order: XG-W005-29-2001	Application dated 14 August; approved on 24 September. Modify the Fuel Meter Filter at Meter Station-66.	31 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-37 Order: XO-E101-25-2001	Application dated 24 July; approved on 5 September. Upgrade the existing cathodic protection at some sites along Line 9.	10 200
	File: 3400-E101-39 Order: XO-E101-26-2001	Application dated 7 September; approved on 12 September. Tie-in of Husky Oil Operations Ltd.'s Tank 472 at Hardisty, Alberta.	260 000
Montreal Pipe Line Limited	File: 3400-M003 Order: XO-M003-27-2001	Application dated 9 July; approved on 31 August. Modifications at the Edmonton Terminal.	275 000
Trans Mountain Pipeline Company Ltd.	File: 3400-T004-79 Order: XO-T004-24-2001	Application dated 3 August; approved on 4 September. Six projects.	350 194

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of October 2001

Public Hearing Applications

Hearing Decisions Rendered

1. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001*
(File 3050-W005-1)

Reasons for Decision dated October 2001;
issued on 25 October 2001.

The Board decided that, subject to certain conditions, Westcoast can safely continue work on the Pine River Gas Plant Sulphur Pipeline and reopen the pipeline for operation.

On 16 March, the Board had issued an order, following a number of fires on the pipeline and in response to claims that Westcoast had not met commitments made to landowners concerning the operation of the pipeline, directing Westcoast to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of Westcoast's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was to determine if the pipeline may be

safely operated; whether the Board should order Westcoast to repair, reconstruct or alter part of the pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on Westcoast in order to ensure the safe operation of the pipeline.

On 12 April, the Board decided not to permit Westcoast to reopen the pipeline until the Board was satisfied that certain issues had been fully addressed, or that a comprehensive plan was in place to address those issues. On 24 April, the Board sent a letter to Westcoast providing the scope for the comprehensive plan to be developed. On 26 July, Westcoast filed a final draft of the Comprehensive Plan.

The Board has examined the Comprehensive Plan together with the comments from parties and is satisfied that, subject to the conditions set out in the order to reopen, Westcoast can safely undertake the balance of the work set out in the Comprehensive Plan and reopen the pipeline for operation.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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2. BC Gas Utility Ltd. (BC Gas) - Review of Reasons for Decision RH-2-98 - RH-2-2001 (File 4775-W005-1-15)

Reasons for Decision dated October 2001; issued on 1 November 2001.

The Board decided on the tolls that BC Gas will pay for service on Westcoast Energy Inc.'s (Westcoast) pipeline system from Kingsvale to Huntingdon, British Columbia. Briefly, the Board has decided:

- i) if Westcoast expands its system between Kingsvale and Huntingdon to provide service to BC Gas between these two points, a toll of 12 cents per thousand cubic feet will apply;
- ii) that until the Westcoast system is expanded, the toll for firm deliveries from Kingsvale to Huntingdon will remain the full Zone 4 toll (Station 2 located west of Chetwynd to Huntingdon);
- iii) not to rule at this time on what could be an acceptable toll for firm service from Hope to Huntingdon; and
- iv) to deny requests to amend the current interruptible toll design and other aspects of the firm toll design for Zone 4 associated with removing Kingsvale from the Inland Delivery Area (Station 2 to Kingsvale, British Columbia).

On 8 May 2001, BC Gas applied to the Board for:
i) a review and variance of the Board's Decision and Order TG-2-99 issued following the RH-2-98 proceeding; and, ii) an order establishing the terms and conditions, including tolls, under which Westcoast shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

In the RH-2-98 Decision, the Board approved a request by BC Gas for a receipt point on Westcoast's pipeline at Kingsvale and for Westcoast to receive, transport and deliver any gas delivered at Kingsvale to the Huntingdon Delivery Area. The Board also decided that the appropriate toll for firm service from Kingsvale to Huntingdon would be Westcoast's Zone 4 toll to Huntingdon.

In June 2001, the Board, following the review of submissions from interested parties, found that, on balance, the changed circumstances and new facts identified by BC Gas supported its request for review of the RH-2-98 Decision. The Board then

decided to set BC Gas' application down for public hearing the Board considered the application for review at a public hearing held from 10 to 12 September in Vancouver, British Columbia.

Hearing Decisions Pending

1. TransCanada PipeLines Limited (TCPL) - 2001/2002 Tolls and Tariff - RH-1-2001 (File 4200-T001-15)

The Board held a public hearing from 17 September to 2 October in Calgary, Alberta on an application from TCPL concerning 2001/2002 tolls and tariff issues (Tolls Application).

In April, TCPL and certain stakeholders reached an agreement on the terms of a settlement. The proposed settlement related to all tolls and tariff matters for the years 2001 and 2002, excluding cost of capital issues. The settlement, which would have been effective 1 January 2001, established a toll methodology to be utilized for both 2001 and 2002, tariff provisions to be applicable in that time period, and the components of the revenue requirement to be used in the calculation for tolls for 2001.

On 6 June, TCPL filed an application for the approval of the cost of capital to be included in the calculation of its mainline tolls for the years 2001 and 2002. The Board will hold a public hearing commencing on 18 February 2002 to consider the application (see item 2 under *Hearings Scheduled* below).

In May, the Board had requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. Subsequent to a review of the comments received, the Board decided that TCPL's settlement was not in accordance with the Board's Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs. The Board directed TCPL to advise whether it wished to file an amended application or have the Board treat the application as a common position of parties. TCPL advised the Board that, after communicating with all of the signatories to the proposed settlement, it had decided not to file an amended application and requested that the Board establish a process to consider the application as filed.

2. Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls - RH-3-2001 (File 4200-M124-1)

The Board held a public hearing from 11 to 25 October in Dartmouth, Nova Scotia on issue 4 of Hearing Order RH-3-2001 which reads "As it

applies to new pipeline facilities, the proper application of Article 17 of the General Terms and Condition of M&NP's Gas Tariff (the Article 17 issue)". Article 17 of M&NP's General Terms and Conditions deals with the policy with respect to fees and construction of new facilities.

On 31 August, M&NP advised the Board that the Tolls and Tariff Working Group had, by unopposed resolution, approved a settlement of M&NP's application for final tolls commencing 1 October 2000. The RH-3-2001 hearing had been scheduled to deal with M&NP's application for final tolls for the period 1 October 2000 to 31 December 2002. On 31 August, the Board decided to stay the remaining procedural steps outlined in RH-3-2001, with the exception of those related to the Article 17 issue.

On 14 September, M&NP filed with the Board for approval its Settlement Compliance Filing which calculated M&NP's toll incorporating the terms and conditions of the 31 August Settlement Agreement. On 20 September, the Board, in accordance with the Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs, sought the comments of interested parties on the 14 September Compliance Filing as well as comments on the need for and nature of a further process to consider the filing.

Hearings Scheduled

1. *Petro-Canada Oil & Gas (Petro-Canada) - Medicine Hat Pipeline - GH-3-2001 (File 3200-P100-1)*

The Board will hold a public hearing commencing on 19 November, in Calgary, Alberta, on an application from Petro-Canada to construct a natural gas pipeline from the Medicine Hat, Alberta area to Burstall, Saskatchewan.

Petro-Canada proposes to construct approximately 67 kilometres (42 miles) of 273.1 millimetre (10 inch) natural gas pipeline from its existing natural gas production properties located in the Medicine Hat area to TransCanada Pipelines Limited's system near Burstall, Saskatchewan. The pipeline will have a design capacity to transport 1.5 million cubic metres (53 million cubic feet) per day of natural gas. The proposed pipeline route begins near the southeastern side of the Suffield Military Block in Alberta and extends northeast to Burstall, Saskatchewan. The pipeline route follows existing corridors for most of its length with approximately 13 kilometres (8 miles) of new right-of-way being required. The Medicine Hat

Pipeline is proposed to be in-service in May, 2002 with an estimated capital cost of \$9.9 million.

2. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 18 February in Calgary, Alberta concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002. The Board held a procedural conference on 19 September in Calgary to receive views of parties on certain procedural matters.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.61 per cent was established for 2001.

In this application, TCPL submitted that the deemed capital structure of 30 per cent common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

Hearing Applications Filed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 20 September, the Minister of Environment Canada and the Chairman of the National Energy Board signed an agreement establishing a joint

panel, in accordance with the *Canadian Environmental Assessment Act* and the *National Energy Board Act*, to review the GSX Project. The joint panel will consist of three members, two members from the National Energy Board and one member appointed by the Minister of Environment.

The Board and the Canadian Environmental Assessment Agency staff held public information sessions from 22 to 26 October in Cobble Hill, Salt Spring Island, Sidney, Saturna Island and Pender North Island, British Columbia to assist people in preparing for participation in the public hearing and to explain the participant funding administered by the Canadian Environmental Assessment Agency.

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfill point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

2. Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of

406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. On 20 July, WEI filed a draft Comprehensive Study Report for review by the Board and the Department of Fisheries and Oceans.

3. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

On 9 July, the Board issued for public comment a draft scope of an environmental assessment under the *Canadian Environmental Assessment Act* of the proposal by NB Power. The Board, the Department of Fisheries and Oceans and the federal Minister of

the Environment have identified the scope of the proposed project and the factors to be considered during the environmental assessment. These factors, along with other details of the assessment, can be found in a document entitled *Draft Scope of the Environmental Assessment, New Brunswick Power Corporation International Power Line*.

Hearings Adjourned and Postponed

1. *Sumas Energy 2, Inc.(SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the

February 2001 issue of the *Regulatory Agenda*.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila Canada requesting additional information.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila requesting additional information.

3. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - (File 2200-C019-1)*

On 20 July, Cedars applied for permits to:

- i) reconstruct at 230 kilovolts (kV) a 1.92 kilometre section of an existing IPL;
- ii) operate at 120 kV the reconstructed 1.92 kilometre IPL and 1.8 kilometres of the existing IPL; and,
- iii) dismantle 1.92 kilometres of the existing IPL after the commissioning of the reconstructed section.

The IPL would extend for 1.92 kilometres westward from the existing tap of the supply line to the Rosemount substation located in Cornwall, Ontario and then southward for a further 1.8 kilometres to the international boundary located in Cornwall.

As a subsidiary option, in case the above application is not granted, Cedars applied for a permit to:

- i) reconstruct at 230 kV the existing IPL for a distance of 71 kilometres, from Les Cèdres generating station in Quebec to a connecting point located in Cornwall;
- ii) operate at 120 kV the reconstructed IPL; and,
- iii) dismantle the existing IPL after the commissioning of the reconstructed IPL.

In both cases, Cedars is also requesting an order for the revocation of Certificate of Public Convenience and Necessity EC-10 issued by the Board in 1959. Cedars is of the view that a Certificate for the entire line is no longer required. Cedars stated that the constitutional jurisdiction of the Board applied only to the portion of the line dedicated to exports, that is, the 3.72 kilometre section of the IPL from Cornwall to the international boundary.

On 25 October, the Board decided that it will continue to exercise its jurisdiction under the *National Energy Board Act* over the entire 72.8 kilometres of the IPL that is subject of Certificate EC-10.

4. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up

to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Encore requesting additional information.

5. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL)(File 2200-M020-4)*

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

6. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

7. *Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)*

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy per year for a period of 10 years.

On 1 October, the Board sent a letter to Nexen requesting additional information.

8. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June, the Board sent a letter to TransCanada requesting additional information.

Natural Gas Matter

Matter Completed

1. *TransCanada Energy Ltd. (TCE) - Contract Amendments - Natural Gas Export Licence GL-172 (File 7200-W035-8-2)*

On 6 September, the Board approved an application dated 14 May from TCE to amend the pricing provision of the Gas Export Sales Contract between Western Gas Marketing Limited and Vermont Gas Systems Inc. underpinning natural gas export under Licence GL-172 and to change the name of the holder on the Licence from Western Gas Marketing to TCE. The Board also decided to reduce the volumes authorized for export to reflect a reduction in the contracted volumes. Under Licence GL-172, natural gas is exported via Philipsburg, Quebec to Vermont Gas Systems Inc.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

3. Canadian National Resources Limited (CNRL) - Ladyfern Pipeline (File 3400-C298-11)

On 20 July, CNRL applied for approval to construct a natural gas pipeline known as the Ladyfern Pipeline. The Ladyfern Pipeline would consist of approximately 11.8 kilometres (6.8 miles) of 508 millimetres (20 inch) pipeline that would parallel the recently constructed Ricks Ladyfern Pipeline. The pipeline route begins at d-87-H/94-H1 in northeastern British Columbia and extends generally east to the existing TransCanada PipeLines Limited Owl Lake South Meter Station in northwestern Alberta. The estimated cost of the project is \$6 million and the proposed in-service date is 15 March 2002.

4. Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project (File 3400-P097-1)

On 29 June, Paramount applied for approval to construct two pipelines, the first is a 15 kilometre (9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million and the proposed in-service date is April 2002.

5. Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)

On 25 July 2000, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated

system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information. On 10 September, the Board sent a letter to Pouce Coupe requesting an update concerning the status of the application.

6. TransCanada PipeLines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)

On 5 July, TCPL applied for approval to deactivate certain compression facilities at 16 stations on its mainline system. The estimated cost of the project is \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application; namely, the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 13 August, the Board invited interested parties to provide comments on the following: i) the need for such a conference, ii) the timing for such a conference, and iii) the issues that should be addressed.

On 11 September, the Board decided to convene a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding an possible resolution of some or all of those issues and to determine if there will be a need for a further Board process. The Board will announce at a later date the timing and location of the conference.

Traffic, Tolls And Tariff Matter

Matter Completed

1. TransCanada PipeLines Limited (TCPL) - Reports of the 2001 Tolls Task Force (4775-T001-1/01-06)

The Board has approved the following resolution of the 2001 Toll Task Force:

Resolution No.	Date approved	Subject
07.2001	26 October	System Access and Queuing Procedure Extension

Frontier Matters

1. *Imperial Oil Resources Limited* was given approval on 2 October for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the following wells:
 IMP Norman Wells 0-19X,
 IMP Norman Wells M-19X,
 IMP Norman Wells N-18X; and
 IMP Norman Wells 0-16X.
2. *Paramount Resources Ltd.* was given approval on 22 October for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the Para et al Fort Liard N-01 well.

3. *Paramount Resources Ltd.* was given approval on 23 October for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for Para et al Mount Coty I-02 well. *
4. *Imperial Oil Resources Limited* was informed on 25 October that the use of Lease and Tank Dyke Drains meets the requirements of sub-section 44(b) of the *Canada Oil and Gas Production and Conservation Regulations*.
5. *Geological, geophysical or geotechnical operation*: no applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*; the following is a correction to an application approved in September 2001.

Company	Area	Operation ID	Date
EOG Resources	Sahtu	9237-E035-001E	21 September 2001

Appeal and Reviews

Appeal Completed

1. *Athabasca Chipewyan First Nation, British Columbia Wildlife Federation and the Steelhead Society of British Columbia (Appellants) v. British Columbia Hydro and Power Authority (BC Hydro)*

On 26 September, the Board, as directed by the Federal Court of Appeal, reviewed the evidence submitted by BC Hydro and the submissions of all parties and decided to issue export permits to BC Hydro.

The Appellants had filed applications with the Federal Court of Appeal for leave to appeal a decision of the Board dated 6 January 1999 in which it issued an export permit to BC Hydro to allow it to undertake certain export arrangements. The applications were heard by the court on 14 and 15 February.

On 14 March, the Court concluded that Board's decision is not reasonable and allowed the appeal. The Court directed that the Appellants and BC Hydro, in consultation with the Board, prepare a form of judgment upon which they agree, failing which the Appellants or BC Hydro may apply to the Court to resolve the relief to be granted. Should an agreed upon form of judgement not be submitted or an application for relief not be made within sixty days of the date of the 14 March reasons, judgement shall thereupon

issue, quashing the permits and remitting the matter to the Board for redetermination after the Board receives and considers relevant information from BC Hydro as to what changes, if any, to the operation of its facilities will be occasioned by the issuance of the permits sought and the adverse environmental effects, if any that will result from such changes.

Appeal Pending

2. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Completed

1. *Saulteau First Nations - Westcoast Energy Inc's (WEI) Kwoen Facilities (3400-W005-265)*

On 5 October, the Board, after having reviewed the submissions of all interested parties, decided to dismiss the application for review filed on behalf of the Saulteau First Nations.

On 22 August, the Saulteau First Nations applied for a review and a stay of Order XG-W005-22-2001 by which the Board had given approval to WEI to

construct the Kwoen Facilities. The Kwoen Facilities, which will be located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Sauteau First Nations' grounds for review and stay were as follows: (i) errors of law or jurisdiction; (ii) changed circumstances arising since the close of the original proceeding: failure by previous counsel to appear before the Board and subsequent appearance by new counsel; (iii) facts not placed in evidence in the original proceedings; and, (iv) nature of the prejudice that will result from the order.

Reviews Pending

2. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved an application by WEI to construct the Kwoen facilities.

On 19 September, WEI had informed the Board that it had identified problems with Talisman Energy Inc.'s re-injection well located at b-65-B/93-p-5 (b-65 well) and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65 well appears to be in serious doubt. The Board noted that the b-65 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the b-65 well, the viability of the Kwoen project and other projects related to it may be in question.

The Kwoen Facilities, which will be located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Board directed WEI, prior to establishing a process for the review, to file an update of the

results of its examination of the other re-injection options referred in WEI's letter of 19 September, and its plans for the Kwoen facilities and any other projects related to, or dependent upon the Kwoen facilities. After receiving and evaluating the information to be filed, the Board will establish a procedure for the review process.

The Board further decided to seek submissions of WEI and other interested parties on whether a stay should be issued in respect of the construction of the remaining Kwoen facilities, i.e. the processing and compression facilities. On 18 October, the Board decided not to issue a stay of Order XG-W005-22-2001 pending the completion of the review.

3. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drownings have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure, 1995*, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

General Information:

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1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
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Email: publications@neb-one.gc.ca

Internet Site:

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Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada Pipelines Limited	File: 3400-T001-193 Order : XG-T001-32-2001	Application dated 3 August; approved on 12 October. Site remediation at Compressor Stations 17 and 209.	461 700
Westcoast Energy	File: 3400-W005-271-1 Order: AO-1-XG-W005-19-2001	Application dated 7 September; approved on 19 October 2001. Amend an existing order to vary the scope of road upgrade activities of the Pine River Gas Plant access road at an additional cost of \$2.5 million.	2 500 000 Total cost \$3.6 million

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-38 Order: XO-E101-28-2001	Application dated 28 August; approved on 2 October. Expand and renovate the Belleville Pipeline Maintenance Building.	169 000
Trans Mountain Pipe Line Company Ltd.	File: 3400-T004-72-1 Order: AO-1-T004-3-2001	Application dated 1 August; approved on 2 October. In February, the Board approved, by Order XO-T004-3-2001, six projects. In this application, TMPL is requesting to change the scope of one of those projects.	487 000
Montreal Pipe Line Limited	File: 3400-M003-24 Order: XO-M003-24-2001	Application dated 9 October; approved on 19 October. Install a motor operator on Block Valve #43 on the North Shore of the St-Lawrence River in Montreal East.	60 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of November 2001

Public Hearing Applications

Hearing Decisions Rendered

1. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls - RH-3-2001 (File 4200-M124-1)*

Letter decision issued on 8 November (Article 17 Issue).

Letter decision issued on 15 November (Settlement Compliance Filing).

In July 2001, the Board had set down for public hearing the application by M&NP for final tolls effective 1 October 2000 to 31 December 2002. Following issuance of Hearing Order RH-3-2001, the Board received a joint submission from five parties (the Proponents). The Proponents sought leave to amend the List of Issues for the RH-3-2001 proceeding to include the following: "As it applies to new pipeline facilities, the proper application and interpretation of Article 17 of the General Terms and Conditions of Maritimes & Northeast Gas Tariff." On 13 August, the Board amended the List of Issues to include the Article 17 Issue.

On 31 August, M&NP advised the Board that the Tolls and Tariff Working Group had, by unopposed resolution, approved a settlement of M&NP's application for final tolls commencing 1 October 2000. M&NP also advised that it would prepare an application incorporating the terms of the Settlement Agreement for approval by the Board. On 31 August, the Board decided to stay the remaining procedural steps outlined in RH-3-2001, with the exception of those related to the Article 17 Issue.

Article 17 Issue

The hearing to consider the Article 17 Issue took place in Dartmouth, Nova Scotia from 11 to 25 October 2001. The hearing involved extensive examination of the issue and, in particular, focussed on the following two conceptual sets of facilities:

- the Northwest Facilities - a proposed pipeline of approximately 260 kilometres (161 miles) of 508 millimetre (20 inch) diameter pipe extending from an interconnection with the proposed Cartier

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Pipeline Project through northwestern New Brunswick to M&NP's existing mainline near Fredericton; and

- the PEI Facilities - a potential subsea pipeline extending from a point on M&NP's existing mainline in New Brunswick to Prince Edward Island.

With respect to the Northwest Facilities, the Board had to determine the proper interpretation of Article 17 and, specifically, whether Article 17 applies to those facilities. The question with respect to the PEI Facilities was how an estimate of the capital and operating costs of the facilities should be determined.

The Board found that the Northwest Facilities are a mainline extension and not a lateral, and are not facilities to which the benefits of the Lateral Policy were intended to apply. Accordingly, the Board decided that the Northwest Facilities fall outside the ambit of Article 17.

The Board decided that, given that M&NP bears the responsibility with respect to these matters, it is desirable that M&NP maintain the authority to establish these costs. The Board noted that, ultimately such estimates may be brought before the Board, which would provide a check and balance on the exercise of discretion by M&NP.

Settlement Compliance Filing (SCF)

On 14 September, M&NP submitted for approval its SCF, which calculated M&NP's tolls by incorporating the terms and conditions of the 31 August Settlement Agreement. On 20 September, the Board established a process to obtain parties' comments on the SCF and on the need for and nature of a further process to consider the filing.

On 15 November, the Board considered that the SCF reflects tolls that are just and reasonable and, on that basis, approved the filing without further process.

2. TransCanada Pipelines Limited (TCPL) - 2001/2002 Tolls and Tariff - RH-1-2001 (File 4200-T001-15)

Reasons for Decision dated November 2001; issued on 15 November.

The Board approved TCPL's application concerning 2001/2002 tolls and tariff issues (Tolls Application) and the Mainline Service and Pricing Settlement (Settlement).

TCPL's Toll Application was based on the terms of

the Settlement which prescribed the toll methodology that would be utilized, tariff provisions that would be applicable and the components that would comprise TCPL's revenue requirement (with the exception of cost of capital) for the 2001 and 2002 test years. (Refer to item 1 under *Hearings Scheduled* below)

The Board found that the components of the Settlement result in tolls that are just and reasonable, and not unduly discriminatory. Accordingly, the Board approved the Settlement.

In April, TCPL and certain stakeholders reached an agreement on the terms of the Settlement upon which the Tolls Application filed on 3 May was based. The Board subsequently requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. After a review of the comments received, the Board decided that TCPL's Settlement was not in accordance with the Board's *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* (Settlement Guidelines), primarily due to the opposition of certain stakeholders.

As a result of the hearing, the Hearing Panel decided to recommend to the full Board that a review of the Board's Settlement Guidelines should be commenced in the near future in order to address situations of "contested settlements" as well as the potential use of "alternative dispute resolution" mechanisms.

The Board considered the Tolls Application at a public hearing held from 18 September to 2 October in Calgary, Alberta.

Hearing Decision Pending

1. Petro-Canada Oil & Gas (Petro-Canada) - Medicine Hat Pipeline GH-3-2001 (File 3200-P100-1)

The Board held a public hearing on 19 November, in Calgary, Alberta, on an application from Petro-Canada to construct a natural gas pipeline from the Medicine Hat, Alberta area to Burstall, Saskatchewan.

Petro-Canada proposes to construct approximately 71 kilometres (44 miles) of 273.1 millimetre (10 inch) natural gas pipeline from its existing natural gas production properties located in the Medicine Hat area to TransCanada Pipelines Limited's system near Burstall, Saskatchewan. The pipeline will have a design capacity to transport 1.5 million cubic metres (53 million cubic feet) per

day of natural gas. The proposed pipeline route begins near the southeastern side of the Suffield Military Block in Alberta and extends northeast to Burstall, Saskatchewan. The pipeline route follows existing corridors for most of its length with approximately 14 kilometres (9 miles) of new right-of-way being required. The Medicine Hat Pipeline is proposed to be in-service in January, 2003 with an estimated capital cost of \$10.1 million.

Hearings Scheduled

1. *TransCanada Pipelines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 18 February in Calgary, Alberta concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002. The Board held a procedural conference on 19 September in Calgary to receive views of parties on certain procedural matters.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.61 per cent was established for 2001.

In this application, TCPL submitted that the deemed capital structure of 30 per cent on common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of TCPL. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for

the years 2001 and 2002.

2. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - (GSX Project) GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the GSX Canada Pipeline Project has set down for public hearing commencing on 17 June 2002 in British Columbia, with locations and times to be announced later, an application from Georgia Strait Crossing Pipeline Limited to construct and operate a natural gas pipeline in British Columbia.

The panel will also conduct public consultation sessions from 11 to 18 January 2002 to assist it in the formulation of issues that should be considered at the public hearing and to receive comments on the information to be requested of the applicant. The public consultation sessions will be held in Vancouver, Sidney, Duncan, Cobble Hill, Salt Spring Island, Victoria and Saturna Island, British Columbia.

The proposed GSX Canada Pipeline is a joint undertaking by BC Hydro and Williams Gas Pipeline Company. It is the Canadian portion of the Georgia Strait Crossing Project that would transport natural gas from Sumas, Washington to Vancouver Island.

The proposed GSX Canada pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.71 million cubic metres (96 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003 and the estimated cost of the Canadian portion of the project is \$100 million.

Hearing Applications Filed

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the

WeeJay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the WeeJay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/WeeJay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. On 20 July, WEI filed a draft Comprehensive Study Report for review by the Board and the Department of Fisheries and Oceans.

2. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated

cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

On 9 July, the Board issued for public comment a draft scope of an environmental assessment under the *Canadian Environmental Assessment Act* of the proposal by NB Power. The Board, the Department of Fisheries and Oceans and the federal Minister of the Environment have identified the scope of the proposed project and the factors to be considered during the environmental assessment. These factors, along with other details of the assessment, can be found in a document entitled *Draft Scope of the Environmental Assessment, New Brunswick Power Corporation International Power Line*.

Hearings Adjourned and Postponed

1. Sumas Energy 2, Inc.(SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

2. Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. Crowsnest Pipeline Project - Natural Gas Pipeline

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila Canada requesting additional information.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila requesting additional information.

3. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - (File 2200-C019-1)*

On 20 July, Cedars applied for permits to:

- reconstruct at 230 kilovolts (kV) a 1.92 kilometre section of an existing IPL;
- operate at 120 kV the reconstructed 1.92 kilometre IPL and 1.8 kilometres of the existing IPL; and,
- dismantle 1.92 kilometres of the existing IPL after the commissioning of the reconstructed section.

The IPL would extend for 1.92 kilometres westward from the existing tap of the supply line to the Rosemount substation located in Cornwall, Ontario and then southward for a further 1.8 kilometres to the international boundary located in Cornwall.

As a subsidiary option, in case the above application is not granted, Cedars applied for a permit to:

- reconstruct at 230 kV the existing IPL for a distance of 71 kilometres, from Les Cèdres generating station in Quebec to a connecting point located in Cornwall;

- operate at 120 kV the reconstructed IPL; and,
- dismantle the existing IPL after the commissioning of the reconstructed IPL.

In both cases, Cedars is also requesting an order for the revocation of Certificate of Public Convenience and Necessity EC-10 issued by the Board in 1959. Cedars is of the view that a Certificate for the entire line is no longer required. Cedars stated that the constitutional jurisdiction of the Board applied only to the portion of the line dedicated to exports, that is, the 3.72 kilometre section of the IPL from Cornwall to the international boundary.

On 25 October, the Board decided that it will continue to exercise its jurisdiction under the National Energy Board Act over the entire 72.8 kilometres of the IPL that is subject of Certificate EC-10.

4. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Encore requesting additional information.

5. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL) (File 2200-M020-4)*

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the

Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S. portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

On 25 October, and 16 and 23 November, the Board sent letters to Manitoba Hydro requesting additional information.

6. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export (file 6200-M020-12)*

On 14 November, Manitoba Hydro applied for permits to export up to 100 megawatts of power per year and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h in 2003 - 2006, and 362 GW.h in 2007 for a period of five years.

7. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

8. *Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)*

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy per year for a period of 10 years.

On 1 October, the Board sent a letter to Nexen requesting additional information.

9. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June and 27 November, the Board sent letters to TransCanada requesting additional information.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

2. *Duke Energy Canada Pipeline Ltd. (DECPL) and 806026 Alberta Ltd., on behalf of Canadian Midstream Pipeline Limited Partnership - Sale and Purchase of West Doe Pipelin (Files 3400-D028-3 and 3400-Z007-1)*

On 22 November, the Board approved a joint application dated 28 September from DECPL, to sell, and 806026 Alberta Ltd., to purchase, the West Doe Pipeline. The sour gas pipeline is approximately 21 kilometres (13 miles) in length and 168.3 millimetres (six inches) in diameter and extends from the existing Talisman Energy Inc. dehydrator facility in the West Doe area of British Columbia at 11-1-81-15-W6M and terminates at Duke Energy Midstream Services Canada Ltd.'s Pouce Coupe Gas Plant located at 5-23-80-13-W6M.

Matters Under Consideration

3. *Pressure Vessels and Pressure Piping - Transfer of Federal Regulatory Authority (Files 9720-A000-10 and 185-A000-8)*

On 30 November, the Board issued for comment by regulated companies under its jurisdiction and boilers and pressure vessel authorities draft conditions that deal with the transfer of regulatory authority over pressure vessels and pressure piping under federal jurisdiction.

On 15 August, the amended part V of the *Canada Occupational Health and Safety Regulations (COHSR)* entitled *Boilers and Pressure Vessels SOR/2001-284* (Part V) was published in the *Canada Gazette Part II*. One of the amendment in Part V was the exemption of pressure vessels and pressure piping which are part of interprovincial and international pipeline from the COHSR. The effect of that exemption was to transfer regulatory authority over pressure vessels and pressure piping from Human Resources Development Canada to the Board.

Until such time as the *National Energy Board Onshore Pipeline Regulations* can be amended, the specific requirements for design, construction, operation and abandonment of pressure vessels and pressure piping could be provided in the form of a general order that would include the conditions to which the Board is seeking comments on.

4. AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline Matters* in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

5. Canadian National Resources Limited (CNRL) - Ladyfern Pipeline (File 3400-C298-11)

On 20 July, CNRL applied for approval to construct a natural gas pipeline known as the Ladyfern Pipeline. The Ladyfern Pipeline would consist of approximately 11.8 kilometres (6.8 miles) of 508 millimetres (20 inch) pipeline that would parallel the recently constructed Ricks Ladyfern Pipeline. The pipeline route begins at d-87-H/94-H1 in northeastern British Columbia and extends generally east to the existing TransCanada Pipelines Limited Owl Lake South Meter Station in northwestern Alberta. The estimated cost of the project is \$6 million and the proposed in-service date is 15 March 2002.

6. Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project (File 3400-P097-1)

On 29 June, Paramount applied for approval to construct two pipelines, the first is a 15 kilometre (9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million and the proposed in-service date is April 2002.

7. Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)

On 25 July 2000, Pouce Coupe applied for approval of the following: i) sell the Pouce

Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 2 November 2001, the Board sent a letter to Pouce Coupe requesting additional information.

8. TransCanada PipeLines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)

On 5 July, TCPL applied for approval to deactivate certain compression facilities at 16 stations on its mainline system. The estimated cost of the project is \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application; namely, the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 13 August, the Board invited interested parties to provide comments on the following: i) the need for such a conference, ii) the timing for such a conference, and iii) the issues that should be addressed.

On 11 September, the Board decided to convene a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding an possible resolution of some or all of those issues and to determine if there will be a need for a further Board process.

The Board will announce at a later date the timing and location of the conference.

Traffic, Tolls And Tariff Matter

Matter Completed

1. *TransCanada Pipelines Limited (TCPL) - Reports of the 2001 Tolls Task Force (4775-T001-1/01-07)*

The Board has approved the following resolution of the 2001 Toll Task Force:

Resolution No.	Date approved	Subject
08.2001	28 November	Incremental Marginal Fuel Ratio

Matter Under Consideration

1. *Trans Québec & Maritimes Pipeline Inc. (TQM) 2001 Tolls (Files 4200-T028-6 and 4200-T028-12)*

On 8 November, TQM filed an application for approval of final 2001 tolls and for interim tolls effective 1 January 2002. TQM is also seeking approval of modifications to the 1997 Multi-Year Tolls Agreement, including a five year extension to the Agreement.

On 29 November, the Board decided to seek the comments of interested parties on the application.

Frontier Matters

1. *Paramount Resources Ltd.* was given approval on 22 October to commingle production in the Para et al Southeast Fort Liard N-01 well pursuant to section 32 of the *Canada Oil and Gas Production and Conservation Regulations (COGPCR)*.
2. *BP Canada Energy* was given approval on 13 November for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations (COGDR)* for the Pan Am Pointed Mountain K-45A and Amoco A-4 Pointed Mountain A-55 wells.
3. *EOG Resources Canada Inc.* was given approval on 21 November for an "Approval to Drill a Well pursuant to section 83(1) of the *COGDR* for the well EOG et al Devo Creek.
4. *Paramount Resources Ltd.* was given approval on 30 November of an Emergency Response Plan for the Colville Lake Area, NT meeting the requirements of section 60 of the *COGPCR* and section 79 of the *COGDR*.
5. *Geological, geophysical or geotechnical operation* - Two applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act* as follows:

Company	Area	Operation ID	Date
Paramount Resources Ltd.	Southern NWT	9237-E035-001E	30 November
Conoco Canada Resources Limited	Mackenzie Delta	9329-C145-001E	30 November

Appeal and Reviews

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

2. *TransCanada Pipelines Limited (TCPL) - Cost Recovery Regulations (CRR) - TCPL's BC System*

On 24 October, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's decision of 27 September in which it reversed TCPL's entitlement to a cap under the CRR by TCPL's BC System, earlier granted by the Board on 14 March. The 27 September decision of the

Board also made the change retroactive to 1 January.

In brief, TCPL is seeking leave to appeal for the following reasons:

- the Board erred in law and acted without jurisdiction by reversing its 14 March decision to cap the 2001 costs payable to the Board by TCPL's BC System under the CRR, without any lawful authority to do so;
- the Board erred in law by reversing its 14 March contrary to the requirement in the CRR that the BC System receive the benefit of a cap on its share of Board costs payable;
- the Board proceeded in a manner inconsistent with the principle of natural justice; and,

- the Board erred in law by increasing retroactively the amount payable under the CRR for the first half of 2001, without there being any express authority in the CRR and the *National Energy Board Act* to do so.

Reviews Pending

1. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved an application by WEI to construct the Kwoen facilities.

On 19 September, WEI had informed the Board that it had identified problems with Talisman Energy Inc.'s re-injection well located at b-65-B/93-p-5 (b-65 well) and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65 well appears to be in serious doubt. The Board noted that the b-65 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the b-65 well, the viability of the Kwoen project and other projects related to it may be in question.

The Kwoen Facilities, which will be located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Board directed WEI, prior to establishing a process for the review, to file an update of the results of its examination of the other re-injection options referred in WEI's letter of 19 September, and its plans for the Kwoen facilities and any other projects related to, or dependent upon the Kwoen facilities. After receiving and evaluating the information to be

filed, the Board will establish a procedure for the review process.

The Board further decided to seek submissions of WEI and other interested parties on whether a stay should be issued in respect of the construction of the remaining Kwoen facilities, i.e. the processing and compression facilities. On 18 October, the Board decided not to issue a stay of Order XG-W005-22-2001 pending the completion of the review.

2. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *Guidelines for Filing Requirements (File 4750-A000)*

On 29 November, the Board approved, effective immediately, revisions to Part XI of the GFR entitled *Quarterly Surveillance Reports to be Filed by Group 1 Pipeline Companies Pursuant to the Toll Information Regulations*.

On 16 February, the Board issued a questionnaire to the industry seeking comments as to the appropriate level of financial reporting requirements as described in Part XI of the GFR. Based on the responses to the questionnaire, the Board revised the filing requirements and on 15 June sought comments from industry on their appropriateness.

2. ***National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)***

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. ***Processing Plant Regulations (the Regulations) (File 185-A000-13)***

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. ***National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)***

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. ***Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)***

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. ***The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)***

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

7. ***Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II***

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Murphy Oil Company Ltd.	File: 3400-M085-1-1 Order: XG-M085-34-2001	Application dated 14 September; approved on 1 November. Construct pipeline sections, risers, connections and pig launching and receiving facilities to facilitate a requested increase in operating pressure.	200 000
Westcoast Energy Inc.	File: 3400-W005-279 Order: XG-W005-35-2001	Application dated 7 September; approved on 19 October 2001. Amend an existing order to vary the scope of road upgrade activities of the Pine River Gas Plant access road at an additional cost of \$2.5 million.	240 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-41 Order: XO-E101-37-2001	Application dated 6 November; approved on 23 November. Install corrosion inhibitor tanks at the Edmonton, Kerrobert, Regina, Cromer and Gretna stations.	48 800
Husky Energy Inc.	File: 34000-H028-1 Order: XO-H028-38-2001	Application dated 25 October; approved on 26 November. Excavate, assess and repair anomalies on the 10 inch Husky Synthetic Crude Oil Pipeline from the Lloydminster upgrader to the Lloydminster Terminal.	487 000
Trans Mountain Pipe Line Company Limited	File: 3400-T004-80 Order: XO-T004-35-2001	Application dated 20 September; approved on 6 November. Thirteen projects.	10 251 000
Trans-Northern Pipelines Inc.	File: 3400-T002-50 Order: XO-T002-36-2001	Application dated 28 August; approved on 9 November. Pipeline lowering in the city of Toronto (formerly city of Scarborough), Ontario.	145 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of December 2001

Public Hearing Applications

Hearing Decision Rendered

1. *Petro-Canada - Medicine Hat Pipeline GH-3-2001 (File 3200-P100-1)*

Reasons for Decision issued on 20 December.

The Board approved an application by Petro-Canada to construct approximately 71 kilometres (44 miles) of mostly 273.1 millimetre (10 inch) natural gas pipeline from its existing natural gas production properties located in the Medicine Hat area to TransCanada Pipelines Limited's system near Burstall, Saskatchewan. The pipeline will have a design capacity to transport 1.5 million cubic metres (53 million cubic feet) per day of natural gas. The proposed pipeline route begins near the southeastern side of the Suffield Military Block in Alberta and extends northeast to Burstall. Approximately 57 kilometres (35 miles) of the pipeline route follows existing corridors. The Medicine Hat Pipeline is proposed to be in-service in January 2003 with an estimated capital cost of \$10.1 million.

The Board considered the application at a public hearing held in Calgary, Alberta, on 19 November.

Hearings Scheduled

1. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 18 February in Calgary, Alberta concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002. The Board held a procedural conference on 19 September in Calgary to receive views of parties on certain procedural matters.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.53 per cent was established for 2002.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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In this application, TCPL submitted that the deemed capital structure of 30 per cent on common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the Company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

2. Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)

The Joint Review Panel for the GSX Canada Pipeline Project has set down for public hearing commencing on 17 June 2002 in British Columbia, with locations and times to be announced later, an application from GSCPL to construct and operate a natural gas pipeline in British Columbia.

The Panel will conduct public consultation sessions from 11 to 19 January 2002 to assist it in the formulation of issues that should be considered at the public hearing and to receive comments on the information to be requested of the applicant. The public consultation sessions will be held in Vancouver, Sidney, Duncan, Cobble Hill, Saltspring Island, Victoria, Saturna Island and North Pender Island, British Columbia.

The proposed GSX Canada Pipeline Project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company. It is the Canadian portion of the project that would transport natural gas from Sumas, Washington to Vancouver Island.

The proposed GSX Canada Pipeline Project would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore.

The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.71 million cubic metres (96 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003 and the estimated cost of the Canadian portion of the project is \$100 million.

Hearing Applications Filed

1. Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. On 20 July, WEI filed a draft Comprehensive Study Report for review by the Board and the Department of Fisheries and Oceans.

2. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)

On 31 May, NB Power applied to construct and

operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

On 9 July, the Board issued for public comment a draft scope of an environmental assessment under the *Canadian Environmental Assessment Act* of the proposal by NB Power. The Board, the Department of Fisheries and Oceans and the federal Minister of the Environment have identified the scope of the proposed project and the factors to be considered during the environmental assessment. These factors, along with other details of the assessment, can be found in a document entitled *Draft Scope of*

the Environmental Assessment, New Brunswick Power Corporation International Power Line.

Hearings Adjourned and Postponed

1. *Sumas Energy 2, Inc.(SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Aquila Canada requesting additional information.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Aquila requesting additional information.

3. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - (File 2200-C019-1)*

On 20 July, Cedars applied for a permit to replace

71 kilometres (44 miles) of an existing 72.8 kilometre (45 mile) IPL from Les Cèdres generating station in Quebec to a connecting point located in Cornwall, Ontario. The last 1.8 kilometres of the IPL from Cornwall to the U.S. border was previously rebuilt. The existing IPL will be dismantled once the reconstructed IPL is in service. Cedars also applied to reconstruct the IPL at 230 kilovolts and to operate the line at 120 kilovolts.

4. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Encore requesting additional information.

5. *Hudson Energy Company (Hudson) - Nova Scotia to New York Power Project - (File 2200-H044-1)*

On 19 December, Hudson filed documents entitled *Project Description and Draft Scope of the Environmental Assessment* as a preliminary submission for the proposed Nova Scotia to New York Power Project (the Power Project). The

preliminary submission initiates the environmental assessment of the Power Project under the *Canadian Environmental Assessment Act* (CEAA). The draft scoping document outlines, in general way, the requirements under the CEAA with respect to the scope of the assessment and Hudson's proposed approach to conduct the assessment.

Hudson proposes to construct a 832 megawatt combined-cycle natural gas-fired power generation facility in Goldboro, Nova Scotia and to transport the power to New York City through a subsea 500 kilovolt high voltage direct current cable. The total length of cable to be used in the Power Project is estimated to be between 1 300 and 1 450 kilometres (806 to 900 miles). Hudson proposes to start transmitting electricity to New York City by mid-2005. In its submission, Hudson stated that two potential marine corridors are being considered:

- the preferred alternative corridor extends from the Northeast Channel area to Great South Channel, via a southeastern route around Georges Bank; and
- an alternative corridor extends from the Northeast Channel area to Great South Channel via a northwestern route around Georges Bank.

From the Great South Channel and the area west of Georges Bank, the corridor extends from the western terminus of the Ambrose shipping channel into New York Harbor, through the Narrows in the Upper Bay and the Lower Hudson River to a terminus in the vicinity of West 49th Street, New York City.

6. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL)* (File 2200-M020-4)

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be

approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S. portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

On 25 October, 16 and 23 November and 21 December, the Board sent letters to Manitoba Hydro requesting additional information.

7. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export* (file 6200-M020-12)

On 14 November, Manitoba Hydro applied for permits to export up to 100 megawatts of power per year and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h in 2003 - 2006, and 362 GW.h in 2007 for a period of five years.

8. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export* (File 6200-M136-1)

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

9. *Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export* (File 6200-N086-1)

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy per year for a period of 10 years.

On 1 October and 18 December, the Board sent letters to Nexen requesting additional information.

10. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export* (File 6200-T074-1)

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June and 27 November, the Board sent letters to TransCanada requesting additional information.

Pipeline Matters

Matters Completed

1. *Safety Performance Indicators Initiative (File 320-A000-027)*

Last spring the Board launched the Safety Performance Indicators initiative. The primary objective of this initiative is to obtain benchmark data for the purpose of trending analysis and to compare how the pipeline companies regulated by the Board are doing in comparison to companies regulated by other agencies. The information compiled should provide reliable evidence that facilities regulated by the Board are safe for workers and the public.

On 14 December, the Board, in order to provide more clarity and ensure consistent information is being collected, has clarified the definitions for the 2001 data. The Board sent a letter to all companies under its jurisdiction advising them of the changes. The definitions, along with examples, can be found on the Board's internet site at www.neb-one.gc.ca.

2. *Canadian Natural Resources Limited (CNRL) - Ladyfern Pipeline (File 3400-C298-11)*

On 18 December, the Board approved an application dated 20 July from CNRL to construct the Ladyfern Pipeline which will consist of approximately 11.8 kilometres (7.3 miles) of 508 millimetre (20 inch) pipeline that will parallel the recently constructed Ricks Ladyfern Pipeline. The pipeline route begins at d-87-H/94-H1 in northeastern British Columbia and extends generally east to the existing TransCanada Pipelines Limited Owl Lake South Meter Station in northwestern Alberta. The estimated cost of the project is \$8.6 million and the proposed in-service date is 15 March 2002.

3. *Nova Scotia Resources Ventures Limited (NSRVL), ExxonMobil Canada Properties (ExxonMobil), Imperial Oil Resources (Imperial), Shell Canada Limited (Shell) and Mosbacher Operating Ltd. (Mosbacher) - Sale and Purchase of the Sable Offshore Energy Project (SOEP) Facilities - (Files 3400-E039-1; 3400-N174-1; 3200-E086-1 and 3200-S165-2)*

On 14 December, the Board approved a joint application dated 21 November from NSRVL, as vendor, and ExxonMobil, Imperial, Shell and Mosbacher, as purchasers, for the sale and purchase of certain SOEP facilities. The purchasers will

purchase NSRVL's entire undivided 8.4 per cent working interest in the the offshore gathering pipeline from the Thebaud Central Production Platform located on the Scotian Shelf, offshore Nova Scotia, to the gas processing plant at Goldboro, Nova Scotia and the Gas Processing Plant located at Goldboro.

The purchasers own the entire remaining undivided 91.6 per cent working interest of the SOEP. The transaction does not introduce any new owners in relation to the facilities.

4. *Pipestone Pipelines Ltd. (Pipestone); Wapella Pipelines Ltd; Wapella Pipelines Manitoba Inc.; PMC (Nova Scotia) Company, on behalf of Plains Marketing Canada, L.P. - Sale and Purchase of a Pipeline (Files 3400-P176-3 and 3400-P102-1)*

On 19 December, the Board approved an application dated 16 November from Pipestone, filed jointly with the above-noted companies, for approval to sell the Pipestone Pipeline System to PMC (Nova Scotia) Company.

The Pipestone Pipeline System is a 70 kilometre (43 mile) oil pipeline which extends from Moosomin, Saskatchewan to Enbridge Pipelines Inc.'s system at Virden, Manitoba. The only shipper on the pipeline is Plains Marketing Canada, LP (Plains) and, in order to ship on the pipeline, producers and consignees are required to sell their crude oil to Plains. The Board had sought comments of interested parties on the application.

5. *Sable Offshore Energy Inc. (SOEI) and ExxonMobil Canada Ltd., on behalf of Mobil Canada Properties - Transfer of Certificate of Public Convenience and Necessity GC-94 - (Files 3200-S165-2 and 3200-E086-1)*

On 14 December, the Board approved a joint application dated 22 November from SOEI and ExxonMobil to transfer Certificate GC-94 from SOEI to ExxonMobil Canada Ltd. The Board approved Certificate GC-94 in December 1997 for the Sable Offshore Energy Project and associated facilities to transport raw gas from drilling platforms on the Scotian Shelf, in the vicinity of Sable island. The facilities include approximately 208 kilometres (129 miles) of pipeline of 660 millimetre (26 inch) diameter, a slugcatcher and the Goldboro Gas Processing Plant.

6. *Section 58 Applications*

The Board has approved applications under section

58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

7. *Pressure Vessels and Pressure Piping - Transfer of Federal Regulatory Authority* (Files 9720-A000-10 and 185-A000-8)

On 30 November, the Board issued for comment by regulated companies under its jurisdiction and boilers and pressure vessel authorities draft conditions that deal with the transfer of regulatory authority over pressure vessels and pressure piping under federal jurisdiction.

On 15 August, the amended part V of the *Canada Occupational Health and Safety Regulations* (COHSR) entitled *Boilers and Pressure Vessels SOR/2001-284* (Part V) was published in the *Canada Gazette Part II*. One of the amendment in Part V was the exemption of pressure vessels and pressure piping which are part of interprovincial and international pipeline from the COHSR. The effect of that exemption was to transfer regulatory authority over pressure vessels and pressure piping from Human Resources Development Canada to the Board.

Until such time as the *National Energy Board Onshore Pipeline Regulations* can be amended, the specific requirements for design, construction, operation and abandonment of pressure vessels and pressure piping could be provided in the form of a general order that would include the conditions to which the Board is seeking comments on.

8. *Husky Oil Operations Limited (Husky) - Pipeline Construction* (File 3400-H012-10)

On 29 November, Husky applied for approval to construct a 8.9 kilometre (5.5 mile) natural gas pipeline from approximately 175 kilometres (108 miles) east of Fort Nelson, British Columbia to approximately 40 kilometres (25 miles) west of Rainbow Lake, Alberta. The estimated cost of the pipeline is \$1.8 million and the construction is proposed to be completed by mid-March 2002.

On 21 December, the Board sent a letter to Husky requesting additional information.

9. *Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project* (File 3400-P097-1)

On 29 June, Paramount applied for approval to construct two pipelines, the first is a 15 kilometre

(9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million and the proposed in-service date is April 2002.

10. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines* (Files 3400-P123-2 and 3400-F72-1)

On 25 July 2000, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 2 November 2001, the Board sent a letter to Pouce Coupe requesting additional information.

11. *Star Oil & Gas Ltd. (Star) - Pipeline Construction* (3400-S168-2)

On 20 December, Star applied for approval to construct two pipelines as follows:

- 13.5 kilometres (8.3 miles) of 168.3 millimetre (6 inch) high pressure sour natural gas production pipeline from 01-34-79-14W6 in British Columbia to the Duke Pouce Coupe Gas Plant at 05-23-80-13W6 in Alberta; and
- 13.5 kilometres (8.3 miles) 60 millimetre (2 inch) high pressure fuel gas supply pipeline from the Duke Pouce Coupe Gas Plant at 05-23-80-13W6 in Alberta to 01-34-79-14W6 in British Columbia.

The two pipelines will be constructed in the same trench. The estimated cost of the project is \$1 509 500 and the proposed in-service date is mid-March 2002 .

12. TransCanada PipeLines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)

On 20 December, TCPL applied for approval to construct approximately 24.4 kilometres (15 miles) of 1219 millimetre (48 inch) pipeline on its B.C. System and for modification to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

13. TransCanada PipeLines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)

On 5 July, TCPL applied for approval to deactivate certain compression facilities at 16 stations on its mainline system. The estimated cost of the project is \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application; namely, the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 13 August, the Board invited interested parties to provide comments on the following: i) the need for such a conference, ii) the timing for such a conference, and iii) the issues that should be addressed.

On 11 September, the Board decided to convene a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding an possible resolution of some or all of those issues and to determine if there will be a need for a further Board process. The Board will announce at a later date the timing and location of the conference.

Traffic, Tolls And Tariff Matters

Matters Completed

1. Rate of Return on Common Equity (ROE) for 2001 (File 4750-A000-11)

On 6 December, the Board approved a rate of return on common equity for some Group 1 companies of 9.53 per cent for the year 2002, pursuant to the ROE adjustment mechanism approved in the Multi-Pipeline Cost of Capital Decision (RH-2-94), revised on 14 March 1997.

2. Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.) , Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2002 Operating and Maintenance Expense Budgets (File 4750-F6-2)

On 30 November, Foothills applied, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2002.

On 19 December, the Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2001 costs and any variances from the amounts approved for 2001, both due to be filed with the Board by the end of February 2002. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2002 equal to 50 per cent of the budgets submitted.

3. Trans Québec & Maritimes Pipeline Inc. (TQM) 2001 and 2002 Tolls (Files 4200-T028-6 and 4200-T028-12)

On 20 December, the Board approved an application dated 8 November from TQM for approval of final 2001 tolls and for interim tolls effective 1 January 2002. The Board also approved a five year extension to the 1997 Multi-Year Tolls Agreement. The Board considered the comments of interested parties on the application.

Matter Under Consideration

4. Westcoast Energy Inc. (WEI) - 2002 Interim and Final Tolls for Transmission (Files 4200-W005-14 and 4400-W005-9)

On 13 December, WEI applied for interim and final tolls for mainline transmission services to be in effect commencing 1 January 2002. WEI, in its application, indicated that it remained hopeful that a negotiated agreement with regarding final tolls will be reached.

On 20 December, the Board decided that, given WEI's intention to update the Board in regards of the status of a negotiated agreement in the new year, to

defer setting a process for consideration of the final 2002 tolls until WEI files further information. The Board noted that WEI had not indicated in its application that interested parties had been consulted on or agreed to the interim tolls. Therefore, the Board decided to approve the interim tolls at the applied-for levels effective 1 January 2002 until such time as it has obtained and considered the

comments of interested parties. Interested parties have until 10 January to comment on the appropriateness of the applied-for interim tolls and WEI has until 15 January to reply to any comments received. Upon consideration of the comments received, the Board will determine the continued appropriateness of the approved interim tolls.

Appeals and Reviews

Appeals Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

2. *TransCanada PipeLines Limited (TCPL) - Cost Recovery Regulations (CRR) - TCPL's BC System*

On 24 October, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's decision of 27 September in which it reversed TCPL's entitlement to a cap under the CRR by TCPL's BC System, earlier granted by the Board on 14 March. The 27 September decision of the Board also made the change retroactive to 1 January.

In brief, TCPL is seeking leave to appeal for the following reasons:

- i) the Board erred in law and acted without jurisdiction by reversing its 14 March decision to cap the 2001 costs payable to the Board by TCPL's BC System under the CRR, without any lawful authority to do so;
- ii) the Board erred in law by reversing its 14 March contrary to the requirement in the CRR that the BC System receive the benefit of a cap on its share of Board costs payable;
- iii) the Board proceeded in a manner inconsistent with the principle of natural justice; and,
- iv) the Board erred in law by increasing retroactively the amount payable under the CRR for the first half of 2001, without there being any express authority in the CRR and the *National Energy Board Act* to do so.

Reviews Pending

1. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved an application by WEI to construct the Kwoen facilities.

On 19 September, WEI had informed the Board that it had identified problems with Talisman Energy Inc.'s re-injection well located at b-65-B/93-p-5 (b-65 well) and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65 well appears to be in serious doubt. The Board noted that the b-65 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the b-65 well, the viability of the Kwoen project and other projects related to it may be in question.

The Kwoen Facilities, located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Board directed WEI, prior to establishing a process for the review, to file an update of the results of its examination of the other re-injection options referred in WEI's letter of 19 September, and its plans for the Kwoen facilities and any other projects related to, or dependent upon the Kwoen facilities. After receiving and evaluating the information to be filed, the Board will establish a procedure for the review process.

2. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation*

(Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of

the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure*, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Regulatory Updates*.

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Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About the NEB, Our People*.

National Energy Board
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Canadian Natural Resources Limited	File: 3400-C298-11 Order: XG-C298-38-2001	Application dated 20 July; approved on 12 December. Construct the Ladyfern Pipeline.	8 600 000
Westcoast Energy Inc.	File: 3400-W005-280 Order: XG-W005-36-2001	Application dated 2 November; approved on 7 December. Revetement of erosion at Tasatchuka Creek and at Unnamed Tributary to McLeod Lake and install slide instrumentation downstream from Compressor Station 5.	270 000
	File: 3400-W005-265 Order: XG-W005-37-2001	Application dated 22 November; approved on 10 December. Exemption from Order MO-08-2000 in respect of the non-destructive examination of piping systems within the Kwoen compressor and Processing Facilities.	N/A

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Dome NGL Pipeline Ltd.	File: 3400-D007-20 Order: XO-D007-41-2001	Application dated 10 September; approved on 14 December. Install import metering facilities at the Windsor Storage Terminal.	1 000 000
Enbridge Pipelines Inc.	File: 3400-E101-40 Order: XO-E101-40-2001	Application dated 26 October; approved on 13 December. Modifications at the Edmonton Terminal and Glenboro Station.	1 982 000
Enbridge Pipelines (Westpur) Inc.	File: 3400-E103-12 Order: XO-E103-39-2001	Application dated 5 November; approved on 10 December. Eight projects.	424 670
ISH Energy Ltd.	File: 3400-J038-5 Order: XO-J038-42-2001	Application dated 14 November; approved on 20 December. External inspection and repair program on the Desan Crude Oil Pipeline.	530 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of January 2002

Guidelines For Negotiated Settlements of Traffic, Tolls And Tariffs

On 30 January, the Board released a discussion paper and *Draft Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* for public comment.

The Board's existing *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, as amended August 1994, require that an application supported by a negotiated settlement be based on unanimous or unopposed support of the parties to the negotiation. They do not contain any guidance as

to how the Board may deal with contested settlements. The draft revised guidelines identifies steps the Board could take to deal with contested settlements in the future. The deadline for filing comments is Wednesday 20 March.

The discussion paper and the *Draft Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* are available on the Board Internet Site at www.neb-one.gc.ca under the heading *What's New!*

Public Hearing Applications

Hearings Scheduled

1. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 19 February in Calgary, Alberta concerning an application from TCPL for

approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.53 per cent was established for 2002.

In this application, TCPL submitted that the deemed capital structure of 30 per cent on common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the Company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

2. Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - EH-1-2002 (File 2200-C019-1)

The Board will hold a public hearing commencing 26 March, at a location to be announced at a future date, to consider an application by Cedars to reconstruct an IPL from Les Cèdres, Quebec to Cornwall, Ontario.

Cedars applied for a permit to replace 71 kilometres (44 miles) of an existing 72.8 kilometre (45 mile) IPL from Les Cèdres generating station in Quebec to a connecting point located in Cornwall, Ontario. The last 1.8 kilometres of the IPL from Cornwall to the U.S. border was previously rebuilt. The existing IPL will be dismantled once the reconstructed IPL is in service. Cedars also applied to reconstruct the IPL at 230 kilovolts and to operate the line at 120 kilovolts.

Cedars proposes to reconstruct the IPL between the months of June and November 2003 with a proposed in-service date of December 2003 and to dismantle the existing IPL during the winter of 2004. The estimated cost of the project is \$40 million.

3. Cartier Pipeline and Company, Limited Partnership (Cartier) - Toll Treatment of

Maritimes & Northeast Pipeline Management Ltd.'s (M&NP) Hypothetical Northwest Facilities - RH-1-2002 Phase 2 (File 4200-M124-2)

The Board will hold a public hearing commencing on 23 April, in Halifax, Nova Scotia, on a filing submitted by Cartier for consideration of the toll treatment of the Northwest Facilities that Cartier would like M&NP to construct.

The Northwest Facilities is an hypothetical pipeline of approximately 260 kilometres (161 miles) of 508 millimetre (20 inch) diameter pipe extending from an interconnection with the proposed Cartier Pipeline Project through northwestern New Brunswick to M&NP's existing mainline near Fredericton. The Cartier Pipeline Project is an hypothetical pipeline of approximately 262 kilometres (163 miles) of 508 millimetre (20 inch) diameter pipe paralleling the St. Lawrence River from the New Brunswick-Quebec border to Quebec City where it will interconnect with the existing Canadian gas transmission grid.

The Cartier submission was filed as a result of the Board's letter dated 3 October 2001 in which it had stated that, should Article 17 not apply to the Northwest Facilities, it would be appropriate to provide Cartier with an opportunity to file sufficient facts and information to support a proper examination of the following issue: *the appropriate toll treatment of the Northwest Facilities in the event that Article 17 does not apply*. Article 17 of the General Terms and Conditions of M&NP's Gas Tariff, commonly referred to as the Lateral Policy, deals with the policy with respect to fees and construction of new facilities by M&NP.

In November, the Board decided that the potential Northwest Facilities fall outside the scope of Article 17. The Board found that the Northwest Facilities are a mainline extension and not a lateral, and are not facilities to which the benefits of the Lateral Policy were intended to apply. The Board rendered that decision following a public hearing (RH-3-2001) held in Dartmouth, Nova Scotia from 11 to 25 October 2001.

1. Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)

The Joint Review Panel will hold a public hearing for the GSX Canada Pipeline Project commencing 17 June in British Columbia, with locations and times to be announced later.

The Joint Review Panel has conducted public consultation sessions from 11 to 19 January to assist it in the formulation of issues that should be considered at the public hearing and to receive comments on the information to be requested of the applicant. The public consultation sessions were held in Vancouver, Sidney, Duncan, Cobble Hill, Saltspring Island, Victoria, Saturna Island and North Pender Island, British Columbia.

The proposed GSX Canada Pipeline Project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company. It is the Canadian portion of the project that would transport natural gas from Sumas, Washington to Vancouver Island.

The proposed GSX Canada Pipeline Project would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.71 million cubic metres (96 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003 and the estimated cost of the Canadian portion of the project is \$100 million.

Hearing Applications Filed

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 31 January 2001, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline. The proposed facilities will permit WEI to connect additional gas reserves in

the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million.

The Comprehensive Study Report required under the *Canadian Environmental Assessment Act* is still being finalized.

2. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)*

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

The Comprehensive Study Report required under the *Canadian Environmental Assessment Act* is still being finalized.

3. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion (File 3200-W005-12)*

On 2 January, WEI applied to construct approximately 89.5 kilometres (55.5 miles) of 1067 millimetre (42 inch) natural gas pipeline in eight loop segments along the route of the existing Southern Mainline. The proposed loops will range in length from approximately 3.5 kilometres (2.1 miles) to 31.4 kilometres (19.4 miles) and will be installed at locations from near McLeod Lake in north-central British Columbia to near Rosedale in southern British Columbia. Westcoast also proposes to upgrade and construct additional facilities at several compressor and meter stations. The additional facilities will provide approximately 5.7 million cubic metres (200 million cubic feet) per day of additional capacity on the Southern Mainline. The estimated cost of the project is \$338.4 million and the proposed in-service date is 1 November 2003.

Hearings Adjourned or Postponed

1. *Sumas Energy 2, Inc. (SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

2. Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in

issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. Crowsnest Pipeline Project - Natural Gas Pipeline

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Aquila Canada requesting additional information.

2. Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Aquila requesting additional information.

3. Connectiv Energy Supply Inc. (Conectiv) - Electricity Export (File 6200-C204-1)

On 11 January, Conectiv applied for permits to export up to 5 000 gigawatt hours of interruptible energy and 571 megawatts and 5 000 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

4. Direct Energy Marketing Ltd. (Direct) - Electricity Export (File 6200-D027-1)

On 6 December, Direct applied for permits to export up to 1 000 megawatts of firm power, 2 000 megawatts of combined firm and interruptible power, 8 760 gigawatt hours of interruptible energy and 8 760 gigawatt hours of firm energy annually for a period of 10 years.

5. Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Encore requesting additional information.

6. Hudson Energy Company (Hudson) - Nova Scotia to New York Power Project - (File 2200-H044-1)

On 19 December, Hudson filed documents entitled *Project Description and Draft Scope of the Environmental Assessment* as a preliminary submission for the proposed Nova Scotia to New York Power Project (the Power Project). The preliminary submission initiates the environmental assessment of the Power Project under the *Canadian Environmental Assessment Act* (CEAA). The draft scoping document outlines, in general way, the requirements under the CEAA with respect to the scope of the assessment and Hudson's proposed approach to conduct the assessment.

Hudson proposes to construct a 832 megawatt combined-cycle natural gas-fired power generation facility in Goldboro, Nova Scotia and to transport the power to New York City through a subsea 500 kilovolt high voltage direct current cable. The total length of cable to be used in the Power Project is estimated to be between 1 300 and 1 450 kilometres (806 to 900 miles). Hudson proposes to start transmitting electricity to New York City by mid-2005. In its submission, Hudson stated that two potential marine corridors are being considered:

- the preferred alternative corridor extends from the Northeast Channel area to Great South Channel, via a southeastern route around Georges Bank; and

- an alternative corridor extends from the Northeast Channel area to Great South Channel via a northwestern route around Georges Bank.

From the Great South Channel and the area west of Georges Bank, the corridor extends from the western terminus of the Ambrose shipping channel into New York Harbor, through the Narrows in the Upper Bay and the Lower Hudson River to a terminus in the vicinity of West 49th Street, New York City.

7. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL) (File 2200-M020-4)*

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S. portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

On 25 October, 16 and 23 November, 21 December and 31 January, the Board sent letters to Manitoba Hydro requesting additional information.

8. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export (file 6200-M020-12)*

On 14 November, Manitoba Hydro applied for permits to export up to 100 megawatts of power annually and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h in 2003 - 2006, and 362 GW.h in 2007 for a period of five years.

9. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours of firm and

interruptible energy annually for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

10. *Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)*

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy annually for a period of 10 years.

On 1 October and 18 December, the Board sent letters to Nexen requesting additional information.

11. *OGE Energy Resources Inc. (OGE) - Electricity Export (File 6200-0011-1)*

On 18 January, OGE applied for permits to export up to 300 megawatts of firm and interruptible power, 1 500 gigawatt hours of firm energy and 250 gigawatt hours of interruptible energy annually for a period of 10 years.

12. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June and 27 November, the Board sent letters to TransCanada requesting additional information.

Pipeline Matters

Matters Completed

1. *Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project (File 3400-P097-1)*

On 22 January, the Board approved an application dated 29 June from Paramount to construct two pipelines, the first is a 15 kilometre (9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million.

2. Section 58 Applications

The Board has approved applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

3. *Pressure Vessels and Pressure Piping - Transfer of Federal Regulatory Authority (Files 9720-A000-10 and 185-A000-8)*

On 30 November, the Board issued for comment by regulated companies under its jurisdiction and boilers and pressure vessel authorities draft conditions that deal with the transfer of regulatory authority over pressure vessels and pressure piping under federal jurisdiction.

On 15 August, the amended part V of the *Canada Occupational Health and Safety Regulations* (COHSR) entitled *Boilers and Pressure Vessels* SOR/2001-284 (Part V) was published in the Canada Gazette Part II. One of the amendment in Part V was the exemption of pressure vessels and pressure piping which are part of interprovincial and international pipeline from the COHSR. The effect of that exemption was to transfer regulatory authority over pressure vessels and pressure piping from Human Resources Development Canada to the Board.

Until such time as the *National Energy Board Onshore Pipeline Regulations* can be amended, the specific requirements for design, construction, operation and abandonment of pressure vessels and pressure piping could be provided in the form of a general order that would include the conditions to which the Board is seeking comments on.

4. *Husky Oil Operations Limited (Husky) - Pipeline Construction (File 3400-H012-10)*

On 29 November, Husky applied for approval to construct a 8.9 kilometre (5.5 mile) natural gas pipeline from approximately 175 kilometres (108 miles) east of Fort Nelson, British Columbia to approximately 40 kilometres (25 miles) west of Rainbow Lake, Alberta. The estimated cost of the pipeline is \$1.8 million and the construction is proposed to be completed by mid-March 2002.

On 21 December and 10 January, the Board sent letters to Husky requesting additional information.

5. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

For more information on this matter, refer to item 10 under *Pipeline Matters* of the December 2001 *Regulatory Agenda*.

6. *Star Oil & Gas Ltd. (Star) - Pipeline Construction - (3400-S168-2)*

On 20 December, Star applied for approval to construct two pipelines as follows:

- 13.5 kilometres (8.3 miles) of 168.3 millimetre (6 inch) high pressure sour natural gas production pipeline from 01-34-79-14W6 in British Columbia to the Duke Pouce Coupe Gas Plant at 05-23-80-13W6 in Alberta; and
- 13.5 kilometres (8.3 miles) 60 millimetre (2 inch) high pressure fuel gas supply pipeline from the Duke Pouce Coupe Gas Plant at 05-23-80-13W6 in Alberta to 01-34-79-14W6 in British Columbia.

The two pipelines will be constructed in the same trench. The estimated cost of the project is \$1 509 500 and the proposed in-service date is mid-March 2002.

7. *TransCanada PipeLines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)*

On 20 December, TCPL applied for approval to construct approximately 24.4 kilometres (15 miles) of 1219 millimetre (48 inch) pipeline on its B.C. System and for modifications to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

8. *TransCanada PipeLines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)*

On 5 July, TCPL applied for approval to deactivate certain compression facilities at 16 stations on its mainline system. The estimated cost of the project is \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application; namely, the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 10 January, the Board held a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding on a possible resolution of some or all of those issues and to determine if there will be a need for a further Board process.

9. *Westcoast Energy Inc. (WEI) - Review of Order XG-W005-22-2001 and Kwoen Re-Injection Extension Pipeline Application (files 33400-W005-265 and 400-W005-282)*

On 14 December, WEI applied for approval of the Kwoen Re-Injection Extension Pipeline Facilities in northeastern British Columbia which consist of:

- a 3.2 kilometre 168.3 millimetre (six inch) acid gas pipeline extending from the end of the Kwoen Re-injection Pipeline near the Talisman Energy Inc. well located at b-65-B/93-P-5 to Talisman's well at a-43-B/93-P-5;
- a 1.4 kilometre 88.9 millimetre (three inch) fuel gas pipeline extension from a tie-in point on WEI's existing South Sukunka Fuel Gas Pipeline at c-44-B/93-P-5 to well a-43-B/93-P-5;
- install two electric pumps and associated facilities at the Kwoen processing and compressor sites; and
- install communications and control facilities at well site a-43-B/93-P-5.

The purpose of the facilities is to allow re-injection of acid gas extracted from raw gas processed at the Kwoen processing facility into an existing Talisman well. WEI originally intended to dispose of acid gas in well b-65-B/93-P-5.

On 19 September, WEI had informed the Board that it had identified problems with the b-65-B/93-P-5 well and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65-B/93-P-5 well appeared to be in serious doubt. The Board noted that the b-65-B/93-P-5 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the well, the viability of the Kwoen project and other projects related to it may be in question. On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved the original Kwoen facilities (see item 1 under *Appeals and Reviews, Reviews Pending* below).

On 23 January, the Board decided, as the factual

records for the Review and the Application have considerable overlap, to consider both matters together in a consolidated proceeding. The Board will provide further direction regarding the process for the consolidated proceeding.

Traffic, Tolls And Tariff Matter

Matters Completed

1. *TransCanada PipeLines Limited (TCPL) - Reports of the 2001 Tolls Task Force (4775-T001-1/2001-08)*

The Board has approved the following resolutions of the 2001 Toll Task Force:

Resolution No.	Date approved	Subject
09.2001	7 January	Merger Costs and Benefit Agreement Audit Scope and Engagement
10.2001	7 January	Simplification of Interruptible Transportation Proforma Contract

2. *Trans Mountain Pipe Line Company Ltd. (TMPL) - Interim Tolls for 2002 (File 4200-T004-8)*

On 17 January, the Board approved an application dated 2 January from TMPL for approval of interim tolls for 2002 to be set at the level of the final tolls approved by the Board for 2001. TMPL stated that it expected to file an application for final tolls early in 2002.

3. *Westcoast Energy Inc. (WEI) - 2002 Interim and Final Tolls for Transmission (Files 4200-W005-14 and 4400-W005-9)*

On 24 January, the Board approved an application dated 13 December from WEI for interim tolls for mainline transmission services to be in effect commencing 1 January 2002. The Board considered the comments of interested parties in arriving at its decision.

The Board noted, regarding WEI's application for final tolls for 2002, WEI's statement to the effect that it is still hopeful of reaching a negotiated agreement with its stakeholders and that it anticipates being in a position to update the Board on this matter early in 2002. The Board directed WEI to provide it with a monthly report on the status of the settlement negotiations. The status report will assist the Board in determining if and when it should set WEI's application for final 2002 tolls down for hearing.

Matter Under Consideration

4. *Foothills Pipe Lines Ltd. (Foothills) - 2002 Interim and Final Tolls (File 4200-0F006-6 and 4400-F006-9)*

On 18 January, Foothills applied for approval of interim and final orders authorizing it to alter the manner in which it calculates its cost of service (only with regard to the rate of return on common equity) effective 1 February 2002.

On 24 January, Mirant Canada Energy Marketing, Ltd. requested that the Board reject Foothills' request for an interim order effective 1 February 2002.

On 29 January, the Board decided to seek the views of interested parties on the Foothills' application. Interested parties have until 5 February to comment and Foothills until 11 February to reply to any comments received.

Frontier Matters

December 2001 and January 2002

1. *Paramount Resources Ltd.* was given approval on 5 December for the Cameron Hills & Fort Liard/Maxhamish/Tattoo Areas Emergency Response Plan pursuant to subsection 60(4) of the *Canada Oil and Gas Production and Conservation Regulations (COGPCR)*.
2. *Paramount Resources Ltd.* was issued an "Approval to Drill a Well" on 19 December for the Paramount Anadarko Bovie J-76 well pursuant to section 83 of the *Canada Oil and Gas Drilling Regulations (COGDR)*.
3. *Devon Canada Corporation* was issued an "Approval to Drill a Well" on 20 December for the Devon PC Tuk M-18 well pursuant to section 83 of the COGDR.
4. *Japex Canada Ltd.* was given issued an "Approval to Drill a Well" on 20 December for the JAPEX/JNOC/GSC *et al* MALLIK 3L-38, JAPEX/JNOC/GSC *et al* MALLIK 4L-38 and JAPEX/JNOC/GSC *et al* MALLIK 5L-38 wells pursuant to section 83 of the COGDR.
5. *Paramount Resources Ltd.* was given approval on 21 December to "Alter Condition of a Well" for the Paramount Berkley Arrowhead C-02 well pursuant to subsection 19(3) of the COGPCR.
6. *Paramount Resources Ltd.* was issued an "Approval to Drill a Well" on 21 December for the Paramount Anadarko Bovie F-66 well pursuant to section 83 of the COGDR.
7. *Petro-Canada* was given approval on 23 December to "Alter Condition of a Well" for the PC Anderson Kurk M-15 well pursuant to subsection 5(1)(b) of the *Canada Oil and Gas Operations Act (COGOA)*.
8. *Canadian Forest Oil Ltd.* was given approval on 28 December to "Alter Condition of a Well" for the CDN Forest *et al* Flett Rapids I-61 well pursuant to subsection 5(1)(b) of the COGOA.
9. *Canadian Forest Oil Ltd.* was given approval on 3 January to "Alter Condition of a Well" for the CDN Forest *et al* North Liard C-31A well pursuant to subsection 5(1)(b) of the COGOA.
10. *Paramount Resources Ltd.* and *Marathon Canada Limited* were given approval on 9 January for an Amendment to the Development Plan for the Cameron Hills field pursuant to subsection 5.1(5) of the COGOA.
11. *Imperial Oil Resources N.W.T. Limited* was given approval on 10 January for well operations in the Norman Wells field pursuant to subsection 19(3) of the COGPCR.
12. A Significant Discovery was declared and issued on 21 January to *Paramount Resources Ltd.* and *Anadarko Canada Corporation* pursuant to the *National Energy Board Act*, Part II.1, section 28.2 and the *Canada Petroleum Resources Act (CPRA)*, Part III, section 28 with respect to the NSM *et al* Arrowhead G-69 well.
13. *Canadian Forest Oil Ltd.* submitted a Significant Discovery Declaration application on 21 January pursuant to the CPRA, section 28(1) with respect to the Cdn Forest *et al* Flett Rapids I-61 well.
14. *Paramount Resources Ltd.* was issued an "Approval to Drill a Well" on 28 January for the Para *et al* Cameron I-73, Para *et al* Cameron C-74, Para *et al* Cameron D-74 and Para *et al* Cameron H-0 3 wells pursuant to section 83 of the COGDR.
15. *Paramount Resources Ltd.* was given approval on 28 January to "Alter Condition of a Well" for Paramount *et al* Cameron N-28 well pursuant to subsection 19(3) of the COGPCR.
16. *Paramount Resources Ltd.* was given approval on 28 January for an extended formation test on the Paramount *et al* Cameron N-28 well pursuant to subsection 5.6 (3) of the COGOA.

17. *Paramount Resources Ltd.* was given approval on 30 January to construct the Cameron Hills Oil and Gas Development Project facilities and gathering system pursuant to Paragraph 5(1)(b) of the COGOA.

Company	Area	Operation ID	Date
Paramount Resources Ltd.	Southern NWT	9237-E035-001E	30 November
Conoco Canada Resources Limited	Mackenzie Delta	9329-C145-001E	30 November
Paramount Resources Ltd.	Southern NWT	9229-P033-005E	30 November
Conoco Canada Resources Limited	Mackenzie Delta	9329-C145-001E	30 November
Petro-Canada Inc.	Mackenzie Delta	9329-P028-007E	3 December
Paramount Resources Ltd.	Southern NWT	9229-P033-006E	5 December
Petro-Canada Inc.	Mackenzie Delta	9329-P028-008E	11 December
Petro-Canada Inc.	Mackenzie Delta	9329-P028-009E	17 December
Chevron Canada Resources	Mackenzie Delta	9329-C143-001E	20 December
Chevron Canada Resources	Mackenzie Delta	9329-C143-002E	20 December

18. *Geological, geophysical or geotechnical operation* - Fifteen applications were approved pursuant to section 5.1(b) of the COGOA. (There are also two amendments to the November information included below.)

Company	Area	Operation ID	Date
Petro-Canada Inc.	Mackenzie Delta	9329-P028-010E	20 December
Shell Canada Resources Limited	Mackenzie Delta	9329-S006-010E	20 December
Shell Canada Resources Limited	Mackenzie Delta	9329-S006-011E	20 December
AEC West Ltd.	Mackenzie Delta	9329-A061-002E	3 January
AEC West Ltd.	Mackenzie Delta	9329-A061-003E	3 January
Anadarko Canada Energy Ltd.	Southern NWT	9229-A070-001E	4 January
Devon ARL Corporation	Mackenzie Delta	9328-D030-001E	4 January
Anderson Resources Ltd.	Mackenzie Delta	9329-A066-002E	15 January
Anadarko Canada Corporation	Mackenzie Delta	9329-A069-001E	24 January

Appeals and Reviews

Appeals Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading Appeals of the 31 August 2000 issue of the *Regulatory Agenda*.

2. *TransCanada PipeLines Limited (TCPL) - Cost Recovery Regulations (CRR) - TCPL's BC System*

On 24 October, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's decision of 27 September in which it reversed TCPL's entitlement to a cap under the CRR by TCPL's BC System, earlier granted by the Board on 14 March. The 27 September decision of the Board also made the change retroactive to 1 January.

In brief, TCPL is seeking leave to appeal for the following reasons:

- the Board erred in law and acted without jurisdiction by reversing its 14 March decision to cap the 2001 costs payable to the Board by TCPL's BC System under the CRR, without any lawful authority to do so;

- the Board erred in law by reversing its 14 March contrary to the requirement in the CRR that the BC System receive the benefit of a cap on its share of Board costs payable;
- the Board proceeded in a manner inconsistent with the principle of natural justice; and,
- the Board erred in law by increasing retroactively the amount payable under the CRR for the first half of 2001, without there being any express authority in the CRR and the National Energy Board Act to do so.

Reviews Pending

1. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

(See also item 14 under *Pipeline Matters, Matters Under Consideration* above)

On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved an application by WEI to construct the Kwoen facilities.

On 19 September, WEI had informed the Board that it had identified problems with Talisman Energy Inc.'s re-injection well located at b-65-B/93-p-5 (b-65 well) and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65 well appears to be in serious doubt. The Board noted that the b-65 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the b-65 well, the viability of the Kwoen project and other projects related to it may be in question.

The Kwoen Facilities, located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

2. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October 200, RSC applied for a review of

electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the National Energy Board Rules of Practice and Procedure, 1995, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

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National Energy Board
Michel L. Mantha
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
BP Canada Energy Resources Company	File: 3400-B065-2 Order: XG-B065-1-2002	Application dated 5 April; approved on 10 January. Modifications to a 3 kilometre pipeline to change from ethane service to water service and sell the pipeline to the Town of Burstall.	N/A
Consumers' Gas (Canada) Ltd.	File: 3400-C283-16 Order: XG-C283-2-2002	Application dated 2 March 2001, as revised on 19 December 2001; approved on 14 January. Construct interconnection facilities in the City of Brampton, Ontario.	60 000
Murphy Oil Company Ltd.	File: 3400-M023-17 Order: XG-M023-3-2002	Application dated 16 October; approved on 18 January. Construct two pipelines i) a 1.3 kilometre 10 inch raw natural gas pipeline and, ii) a 1.3 kilometre four inch water disposal pipeline.	8 600 000
Petro-Canada Oil and Gas	File: 3400-Z005-2 Order: XG-Z005-6-2002	Application dated 3 October; approved on 25 January. Deactivate 18.5 of the 22.5 kilometre long Goodlow Pipeline that extends from the Petro-Canada Boundary Lake Gas Plant in British Columbia to a TransCanada PipeLines Limited's interconnect in Alberta.	N/A
TransCanada PipeLines Limited B.C. System	File: 3400-T054-2 Order: XG-T054-5-2002	Application dated 5 November; approved on 22 January. Modifications at the Elko Compressor Station.	450 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of February 2002

Awareness 2002 Workshop

The Board's fourth Public Awareness Workshop is expanding to include continuing education and liaison programs in the pipeline industry. The workshop will be held at the World Trade and Convention Centre in Halifax, Nova Scotia on 24 and 25 June 2002.

Past workshops focussed on pipeline damage prevention programs. Awareness 2002 will include a full-day on "Continuing Education and Liaison Programs" which will concentrate on informing the public and emergency responders of their roles in

the event of a pipeline-related emergency. The Board's goal for the workshop is to raise the level of awareness of living and working near pipelines among municipal planners, the excavating and contracting community, municipal works, emergency responders, organizations with mutual interests in protecting public safety and buried utilities, and the general public.

For further information on the Workshop, visit the Board's Internet site at www.neb-one.gc.ca under Safety and Environment, Workshops.

Public Hearing Applications

Hearing Cancelled

1. *Cartier Pipeline and Company, Limited Partnership (Cartier) - Toll Treatment of Maritimes & Northeast Pipeline Management Ltd.'s (M&NP) Hypothetical Northwest Facilities - RH-1-2002, Phase 2 (File 4200-M124-2)*

The Board has cancelled the public hearing, which was to commence on 23 April in Halifax, Nova

Scotia, to consider Cartier's filing with respect to the appropriate toll treatment of the hypothetical Northwest Facilities that Cartier would like M&NP to construct. The Board cancelled the hearing at the request of Cartier.

The hypothetical Northwest Facilities consist of 260 kilometres (161 miles) of 508 millimetre (20 inch) diameter pipeline that would extend from an interconnection with the proposed Cartier

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Pipeline Project through northwestern New Brunswick to M&NP's existing mainline near Fredericton. The hypothetical Cartier Pipeline Project is a pipeline of approximately 262 kilometres (163 miles) of 508 millimetre (20 inch) diameter pipe that would parallel the St. Lawrence River from the New Brunswick-Quebec border to Quebec City where it would interconnect with the existing Canadian gas transmission grid.

Hearing in Progress

1. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board is holding a public hearing which commenced on 27 February in Calgary, Alberta concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.53 per cent was established for 2002.

In this application, TCPL submitted that the deemed capital structure of 30 per cent on common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the Company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

Hearings Scheduled

1. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - EH-1-2002 (File 2200-C019-1)*

The Board will hold a public hearing commencing 26 March in Dorval, Quebec to consider an application by Cedars to reconstruct an IPL from Les Cèdres, Quebec to Cornwall, Ontario.

Cedars applied to replace 71 kilometres (44 miles) of an existing 72.8 kilometre (45 mile) IPL from Les Cèdres generating station in Quebec to a connecting point located in Cornwall, Ontario. The last 1.8 kilometres of the IPL from Cornwall to the U.S. border was previously rebuilt. The existing IPL will be dismantled once the reconstructed IPL is in service. Cedars also applied to reconstruct the IPL at 230 kilovolts and to operate the line at 120 kilovolts.

Cedars proposes to reconstruct the IPL between the months of June and November 2003 with a proposed in-service date of December 2003 and to dismantle the existing IPL during the winter of 2004. The estimated cost of the project is \$40 million.

2. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel will hold a public hearing for the GSX Canada Pipeline Project commencing 17 June in British Columbia, with locations and times to be announced later.

The Joint Review Panel has conducted public consultation sessions from 11 to 19 January to assist it in the formulation of issues that should be considered at the public hearing and to receive comments on the information to be requested of the applicant. The public consultation sessions were held in Vancouver, Sidney, Duncan, Cobble Hill, Saltspring Island, Victoria, Saturna Island and North Pender Island, British Columbia.

The proposed GSX Canada Pipeline Project is a joint undertaking by British Columbia Hydro and Power Authority and Williams Gas Pipeline Company. It is the Canadian portion of the project that would transport natural gas from Sumas, Washington to Vancouver Island.

The proposed GSX Canada Pipeline Project would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of

Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.71 million cubic metres (96 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003 and the estimated cost of the Canadian portion of the project is \$100 million.

Hearing Applications Filed

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 31 January 2001, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline. The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million.

On 8 February 2002, the Board decided to withdraw from WEI the responsibility for the preparation of the Comprehensive Study Report (CSR) required under the *Canadian Environmental Assessment Act*. The Board will prepare the CSR as part of its review of WEI's application following the completion of the public hearing that will be held to consider the application.

2. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)*

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near

Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

The Comprehensive Study Report required under the *Canadian Environmental Assessment Act* is still being finalized.

3. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion (File 3200-W005-12)*

On 2 January, WEI applied to construct approximately 89.5 kilometres (55.5 miles) of 1067 millimetre (42 inch) natural gas pipeline in eight loop segments along the route of the existing Southern Mainline. The proposed loops will range in length from approximately 3.5 kilometres (2.1 miles) to 31.4 kilometres (19.4 miles) and will be installed at locations from near McLeod Lake in north-central British Columbia to near Rosedale in southern British Columbia. Westcoast also proposes to upgrade and construct additional facilities at several compressor and meter stations. The additional facilities will provide approximately 5.7 million cubic metres (200 million cubic feet) per day of additional capacity on the Southern Mainline. The estimated cost of the project is \$338.4 million and the proposed in-service date is 1 November 2003.

Hearings Adjourned or Postponed

1. *Sumas Energy 2, Inc. (SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Aquila Canada requesting additional information.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Aquila requesting additional information.

3. *Cargill-Alliant Energy Canada, LP (Cargill) - Electricity Export (File 6200-C208-1)*

On 1 February, Cargill applied for permits to export up to 1 000 megawatts of firm power and up to 10 000 gigawatt-hours of combined firm and interruptible energy annually for a period of 10 years.

On 15 February, the Board sent a letter to Cargill requesting additional information.

4. *Connectiv Energy Supply Inc. (Connectiv) - Electricity Export (File 6200-C204-1)*

On 11 January, Connectiv applied for permits to export up to 5 000 gigawatt hours of interruptible energy and 571 megawatts and 5 000 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 12 February, the Board sent a letter to Connectiv requesting additional information.

5. *The Detroit Edison Company (Detroit Edison) - Electricity Export (File 6200-D057-1)*

On 16 February, Detroit Edison applied for permits to export up to 1 000 megawatts of firm power and 9 000 gigawatt hours of firm energy annually for 10 years.

6. *The DTE Energy Trading, Inc. (DTE) - Electricity Export (File 6200-D058-1)*

On 16 February, DTE applied for permits to export up to 2 000 megawatts of firm power and 10 000 gigawatt hours of firm energy annually for 10 years.

7. *Direct Energy Marketing Ltd. (Direct) - Electricity Export (File 6200-D027-1)*

On 6 December, Direct applied for permits to export up to 1 000 megawatts of firm power, 2 000 megawatts of combined firm and interruptible power, 8 760 gigawatt hours of interruptible energy and 8 760 gigawatt hours of firm energy annually for a period of 10 years.

On 19 February, the Board sent a letter to Direct requesting additional information.

8. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June and 18 December, the Board sent letters to Encore requesting additional information.

9. *Hudson Energy Company (Hudson) - Nova Scotia to New York Power Project - (File 2200-H044-1)*

On 19 December, Hudson filed documents entitled *Project Description and Draft Scope of the Environmental Assessment* as a preliminary submission for the proposed Nova Scotia to New York Power Project (the Power Project). The preliminary submission initiates the environmental assessment of the Power Project under the *Canadian Environmental Assessment Act* (CEAA). The draft scoping document outlines, in general way, the requirements under the CEAA with respect to the scope of the assessment and Hudson's proposed approach to conduct the assessment.

Hudson proposes to construct a 832 megawatt combined-cycle natural gas-fired power generation facility in Goldboro, Nova Scotia and to transport the power to New York City through a subsea 500 kilovolt high voltage direct current cable. The total length of cable to be used in the Power Project is estimated to be between 1 300 and

1 450 kilometres (806 to 900 miles). Hudson proposes to start transmitting electricity to New York City by mid-2005. In its submission, Hudson stated that two potential marine corridors are being considered:

- the preferred alternative corridor extends from the Northeast Channel area to Great South Channel, via a southeastern route around Georges Bank; and
- an alternative corridor extends from the Northeast Channel area to Great South Channel via a northwestern route around Georges Bank.

From the Great South Channel and the area west of Georges Bank, the corridor extends from the western terminus of the Ambrose shipping channel into New York Harbor, through the Narrows in the Upper Bay and the Lower Hudson River to a terminus in the vicinity of West 49th Street, New York City.

10. The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL) (File 2200-M020-4)

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S. portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

On 25 October, 16 and 23 November, 21 December and 31 January, the Board sent letters to Manitoba Hydro requesting additional information.

11. The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export (file 6200-M020-12)

On 14 November, Manitoba Hydro applied for permits to export up to 100 megawatts of power

annually and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h in 2003 - 2006, and 362 GW.h in 2007 for a period of five years.

On 1 February, the Board sent a letter to Manitoba Hydro requesting additional information.

12. Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours of firm and interruptible energy annually for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

13. Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy annually for a period of 10 years.

On 1 October and 18 December, the Board sent letters to Nexen requesting additional information.

14. OGE Energy Resources Inc. (OGE) - Electricity Export (File 6200-0011-1)

On 18 January, OGE applied for permits to export up to 300 megawatts of firm and interruptible power, 1 500 gigawatt hours of firm energy and 250 gigawatt hours of interruptible energy annually for a period of 10 years.

On 14 February, the Board sent a letter to OGE requesting additional information.

15. Reliant Energy Services Canada. (Reliant) - Electricity Export (File 6200-R038-1)

On 1 February, Reliant applied for permits to export up to 1 000 megawatts of firm power and up to 5 000 gigawatt hours of combined firm and interruptible energy annually for a period of 10 years.

On 15 February, the Board sent a letter to Reliant requesting additional information.

16. TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June and 27 November, the Board sent letters to TransCanada requesting additional information.

Pipeline Matters

Matters Completed

1. *Star Oil & Gas Ltd. (Star) - Pipeline Construction - (3400-S168-2)*

On 8 February, the Board approved an application dated 20 December from Star to construct two pipelines as follows:

- 13.5 kilometres (8.3 miles) of 168.3 millimetre (6 inch) high pressure sour natural gas production pipeline from 01-34-79-14W6 in British Columbia to the Duke Pouce Coupe Gas Plant at 05-23-80-13W6 in Alberta; and
- 13.5 kilometres (8.3 miles) 60 millimetre (2 inch) high pressure fuel gas supply pipeline from the Duke Pouce Coupe Gas Plant at 05-23-80-13W6 in Alberta to 01-34-79-14W6 in British Columbia.

The two pipelines will be constructed in the same trench. The estimated cost of the project is \$1 509 500 and the proposed in-service date is mid-March 2002.

2. *TransCanada PipeLines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)*

On 7 February, the Board approved the deactivation of 22 compressor units. On 5 July, TCPL had applied for approval to deactivate 36 compressor units on its mainline system. The estimated cost of the project was \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application; namely, the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 10 January, the Board held a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding an possible resolution of some or all of those issues and to determine if there will be a need for a further Board process.

In response to concerns raised by interested parties, TCPL agreed to amend the application to seek approval at this time for the deactivation on 22 compressor units. TCPL further agreed to request an adjournment of its application in respect to the remaining compressor units.

3. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

4. *Husky Oil Operations Limited (Husky) - Pipeline Construction (File 3400-H012-10)*

On 29 November, Husky applied for approval to construct a 8.9 kilometre (5.5 mile) natural gas pipeline from approximately 175 kilometres (108 miles) east of Fort Nelson, British Columbia to approximately 40 kilometres (25 miles) west of Rainbow Lake, Alberta. The estimated cost of the pipeline is \$1.8 million.

On 21 December and 10 January, the Board sent letters to Husky requesting additional information.

5. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

For more information on this matter, refer to item 10 under *Pipeline Matters* of the December 2001 *Regulatory Agenda*.

6. *TransCanada PipeLines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)*

On 20 December, TCPL applied for approval to construct approximately 24.4 kilometres (15 miles) of 1219 millimetre (48 inch) pipeline on its B.C. System and for modifications to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

On 18 February, the Board sent a letter to TCPL requesting additional information.

7. *Westcoast Energy Inc. (WEI) - Review of Order XG-W005-22-2001 and Kwoen Re-Injection Extension Pipeline Application (Files 33400-W005-265 and 400-W005-282)*

On 14 December, WEI applied for approval of the Kwoen Re-Injection Extension Pipeline Facilities in northeastern British Columbia which consist of:

- a 3.2 kilometre 168.3 millimetre (six inch) acid gas pipeline extending from the end of the Kwoen Re-injection Pipeline near the Talisman Energy Inc. well located at b-65-B/93-P-5 to Talisman's well at a-43-B/93-P-5;
- a 1.4 kilometre 88.9 millimetre (three inch) fuel gas pipeline extension from a tie-in point on WEI's existing South Sukunka Fuel Gas Pipeline at c-44-B/93-P-5 to well a-43-B/93-P-5;
- install two electric pumps and associated facilities at the Kwoen processing and compressor sites; and
- install communications and control facilities at well site a-43-B/93-P-5.

The purpose of the facilities is to allow re-injection of acid gas extracted from raw gas processed at the Kwoen processing facility into an existing Talisman well. WEI originally intended to dispose of acid gas in well b-65-B/93-P-5.

On 19 September, WEI had informed the Board that it had identified problems with the b-65-B/93-P-5 well and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65-B/93-P-5 well appeared to be in serious doubt. The Board noted that the b-65-B/93-P-5 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the well, the viability of the Kwoen project and other projects related to it may be in question. On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved the original Kwoen facilities (see item 1 under *Appeals and Reviews, Reviews Pending* below).

On 23 January, the Board decided, as the factual records for the Review and the Application have considerable overlap, to consider both matters together in a consolidated proceeding. The Board will provide further direction regarding the process for the consolidated proceeding.

Traffic, Tolls And Tariff Matters

Matter Completed

1. *Foothills Pipe Lines Ltd. (Foothills) - 2002 Interim and Final Tolls (File 4200-0F006-6 and 4400-F006-9)*

On 21 February, the Board denied an application dated 18 January from Foothills for approval of interim orders authorizing it to alter the manner in which it calculates its cost of service (only with regard to the rate of return on common equity) effective 1 February 2002.

The Board sought the views of interested parties on the application.

Matter Under Consideration

1. *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (File 4600-A000-3)*

On 30 January, the Board released a discussion paper and *Draft Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* for public comment.

The Board's existing *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, as amended August 1994, require that an application supported by a negotiated settlement be based on unanimous or unopposed support of the parties to the negotiation. They do not contain any guidance as to how the Board may deal with contested settlements. The draft revised guidelines identifies steps the Board could take to deal with contested settlements in the future. The deadline for filing comments is Wednesday 20 March.

Frontier Matters

1. *Devon Canada Corporation* was issued an "Approval to Drill a Well" on 1 February for the well Devon PC Tuk B-02 pursuant to section 83 of the *Canada Oil and Gas Drilling Regulations* (COGDR).
2. *Paramount Resources Ltd.* was given approval on 1 February to abandon the wells Paramount Berkley Netla M-23 and Paramount Berkley Netla P-57 pursuant to paragraph 80(1)(b) of the COGDR.
3. *Petro-Canada* was given approval on 1 February to drill the well PC Devon Kugpik L-46 as per section 83 of the COGDR.

4. *Anadarko Canada Corporation* was given approval on 11 February to extend the surface casing setting depth pursuant to subsection 70(1)(b) of the COGDR.
5. *Anadarko Canada Corporation* was issued an "Approval to Drill a Well" on 11 February for the well Anadarko Netla A-68 pursuant to section 83 of the COGDR.
6. *Paramount Resources Ltd.* was issued, on 15 February, a variance on the Cameron Hills Oil and Gas Development Project approved under Order EPO-01-2002 pursuant to paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act* (COGOA).
7. *Paramount Resources Ltd.* was given approval on 19 February for the "Well Termination Record" for the well Paramount Anadarko Bovie J-76 pursuant to section 184 of the COGDR.
8. *Paramount Resources Ltd.* was given approval on 22 February to "Alter Condition of a Well" for Paramount *et al* Cameron B-08 pursuant to subsection 19(3) of the *Canada Oil and Gas Production and Conservation Regulations* (COGPCR).
9. *Paramount Resources Ltd.* was given approval on 22 February for an extended formation test pursuant to subsection 5.6(3) of the COGOA.
10. *Paramount Resources Ltd.* was given approval on 25 February to "Alter Condition of a Well" for Paramount Anadarko Bovie J-76 pursuant to paragraph 5(1)(b) of the COGOA.
11. *Imperial Oil Resources Ltd.*'s 2001 annual pressure survey results for Norman Wells field submitted was accepted on 27 February pursuant to section 15 of the COGPCR.
12. *Paramount Resources Ltd.* was issued, on 28 February, a variance on the Cameron Hills Oil and Gas Development Project approved under Order EPO-01-2002 pursuant to Paragraph 5(1)(b) of the COGOA.
13. *Geological, geophysical or geotechnical operation* - Four applications were approved pursuant to section 5.1(b) of the COGOA.

Company	Area	Operation ID	Date
Paramount Resources Ltd.	Southern NWT	9229-P033-007E	15 February
Japex Canada Limited	Mackenzie Delta	9329-J031-001E	13 February
Japex Canada Limited	Mackenzie Delta	9329-J031-002E	13 February
Shell Canada Resources Limited	Mackenzie Delta	9329-C145-001E	27 February

Appeals and Reviews

Appeals Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading Appeals of the 31 August 2000 issue of the Regulatory Agenda.

2. *TransCanada Pipelines Limited (TCPL) - Cost Recovery Regulations (CRR) - TCPL's BC System*

On 24 October, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's decision of 27 September in which it reversed TCPL's entitlement to a cap under the CRR by TCPL's BC System, earlier granted by the Board on 14 March. The 27 September decision of the Board also made the change retroactive to 1 January.

In brief, TCPL is seeking leave to appeal for the following reasons:

- the Board erred in law and acted without jurisdiction by reversing its 14 March decision to cap the 2001 costs payable to the Board by TCPL's BC System under the CRR, without any lawful authority to do so;
- the Board erred in law by reversing its 14 March contrary to the requirement in the CRR that the BC System receive the benefit of a cap on its share of Board costs payable;
- the Board proceeded in a manner inconsistent with the principle of natural justice; and,
- the Board erred in law by increasing retroactively the amount payable under the CRR for the first half of 2001, without there being any express authority in the CRR and the National Energy Board Act to do so.

Reviews Pending

1. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

(See also item 7 under *Pipeline Matters, Matters Under Consideration* above)

On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved an application by WEI to construct the Kwoen facilities.

On 19 September, WEI had informed the Board that it had identified problems with Talisman Energy Inc.'s re-injection well located at b-65-B/93-p-5 (b-65 well) and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65 well appears to be in serious doubt. The Board noted that the b-65 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the b-65 well, the viability of the Kwoen project and other projects related to it may be in question.

The Kwoen Facilities, located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

2. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October 2000, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the National Energy Board Rules of Practice and Procedure, 1995, including notification to potentially interested persons.

Amendments to Regulations, Rules and Guidelines

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

2. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

3. *National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)*

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)*

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB),

the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the

Guidelines and this draft now is being released for public comment. Following this comment period the draft will be revised as necessary and submitted to the three Boards for their consideration.

Comments on the *Draft Offshore Waste Treatment Guidelines* should be provided to the C-NOPB by close of business 5 April.

7. Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

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Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Foothills Pipe Lines Ltd.	File: 3400-F006-38 Order: XG-F006-8-2002	Application dated 19 December; approved on 12 February. Pipeline re-coating in Zone 9.	400 000
Shiha Energy Transmission Ltd.	File: 3400-S0-56-4 Order: XG-S056-9-2002	Application dated 31 January; approved on 28 February. Construct vertically perpendicular tap.	25 000
Star Oil & Gas Ltd.	File: 3400-S168-2 Order: XG-S168-4-2002	Application dated 20 December; approved on 8 February. Construct a 13.5 kilometre sour gas pipeline and a 13.5 kilometre sweet fuel gas pipeline.	1 509 500

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-44 Order : XO-E10-5-2002	Application dated 21 December; approved on 14 February. Forty projects.	24 639 100
Enbridge Pipelines (NW) Inc.	File: 3400-E102-6 Order: XO-E102-6-2002	Application dated 30 January; approved on 20 February. Install additional anodes in the groundbeds at KP 153.	41 400
Trans Mountain Pipe Line Company Ltd.	File: 3400-T004-82 Order: XO-T004-4-2002	Application dated 25 October; approved on 7 February. Install a 570 metres of rock armour along the west bank of the Athabasca River.	2 670 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Board



Office national
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Publications

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31 March 2002

Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of March 2002

Awareness 2002 Workshop

The Board's fourth Public Awareness Workshop is expanding to include continuing education and liaison programs in the pipeline industry. The workshop will be held at the World Trade and Convention Centre in Halifax, Nova Scotia on 24 and 25 June 2002.

Past workshops focussed on pipeline damage prevention programs. Awareness 2002 will include a full-day on "Continuing Education and Liaison Programs" which will concentrate on informing the public and emergency responders of their roles in the event of a pipeline-related emergency. The

Board's goal for the workshop is to raise the level of awareness of living and working near pipelines among municipal planners, the excavating and contracting community, municipal works, emergency responders, organizations with mutual interests in protecting public safety and buried utilities, and the general public.

For further information on the Workshop, visit the Board's Internet site at www.neb-one.gc.ca under *Safety and Environment, Workshops*.

Memorandum Of Guidance On Electronic Filing

On 21 March, the Board released a Memorandum of Guidance detailing variations to the *National Energy Board Rules of Practice and Procedure, 1995* that are required to support the implementation of electronic filing at the Board.

On 18 February, the Board launched the electronic filing system that enables parties to file documents with the Board and to access such documents electronically. Electronic filing reduces the number of paper copies required to be filed, provides quicker access to electronically-filed documents and

provides users with increased search and retrieval capabilities.

In addition to the Memorandum of Guidance, a *Filer's Guide to Electronic Submission* is also available. It can be located on the Board's Web site under *Submit a Document*. The Filer's Guide provides details on the process and guidelines for filing electronic documents with the Board and associated options for service of such documents on other persons.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Public Hearing Applications

Hearing Completed

1. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - EH-1-2002 (File 2200-C019-1)*

The Board held a public hearing on 26 and 27 March in Dorval, Quebec to consider an application by Cedars to reconstruct an IPL from Les Cèdres, Quebec to Cornwall, Ontario.

Cedars applied to replace 71 kilometres (44 miles), of an existing 72.8 kilometre (45 mile) IPL from Les Cèdres generating station in Quebec to a connecting point located in Cornwall, Ontario. The last 1.8 kilometres of the IPL from Cornwall to the U.S. border was previously rebuilt. The existing IPL will be dismantled once the reconstructed IPL is in service. Cedars also applied to reconstruct the IPL at 230 kilovolts and to operate the line at 120 kilovolts.

Cedars proposes to reconstruct the IPL between the months of June and November 2003 with a proposed in-service date of December 2003 and to dismantle the existing IPL during the winter of 2004. The estimated cost of the project is \$40 million.

Hearing in Progress

1. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board is holding a public hearing which commenced on 27 February in Calgary, Alberta concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002.

In this application, TCPL submitted that the deemed capital structure of 30 per cent on common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the Company effective 1 January 2001. TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company.

Hearings Scheduled

1. *Coral Energy Canada Inc. (Coral) - Access to Union Gas Ltd.'s (Union) Ojibway Pipeline - MH-1-2002 (File 4775-U001-1-1)*

The Board will hold a public hearing commencing on 11 June in Windsor, Ontario on an application by Coral for access to Union's Ojibway pipeline near Windsor. Coral also requested that the Board order Union to install adequate and suitable facilities to receive gas at the eastern terminus of the Ojibway pipeline and that Union file a tariff for the Ojibway pipeline.

The portion of the Ojibway pipeline under the jurisdiction of the Board consists of approximately 677 metres of two parallel 323.9 millimetre (12 inch) natural gas pipelines that run from a point of interconnection with the Panhandle Eastern Pipeline at the international boundary approximately mid-point in the Detroit River to a point of interconnection with Union's distribution system in Windsor.

Coral has entered into a 20 year energy conversion agreement with Brighton Beach L.P., a joint venture formed to construct a natural-gas fired power station to be located in the City of Windsor. Coral requires long-term transportation service to supply gas to the Brighton Beach Power Station and is proposing delivery of the gas via the Ojibway pipeline.

Coral has applied to the Ontario Energy Board to construct a three kilometre long pipeline from the terminus of the Ojibway pipeline to the power station.

2. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel will hold a public hearing for the GSX Canada Pipeline Project commencing 17 June in British Columbia, with locations and times to be announced later.

The proposed GSX Canada Pipeline Project is a joint undertaking by British Columbia Hydro and Power Authority and Williams Gas Pipeline Company. It is the Canadian portion of the project that would transport natural gas from Sumas, Washington to Vancouver Island.

The proposed GSX Canada Pipeline Project would originate at a point on the international border in

Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.71 million cubic metres (96 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003 and the estimated cost of the Canadian portion of the project is \$100 million.

3. Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral - GH-2-2002 (File 3200-W005-11)

The Board will hold a public hearing commencing on 25 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

Board staff will be conducting public information sessions on 3 and 4 April in Tumbler Ridge and Chetwynd, British Columbia, respectively. The purpose of these sessions is to assist the public in learning about the Board's hearing process and how to participate in the hearing.

On 31 January 2001, WEI applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline. The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million.

4. Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)

The Board will hold a public hearing in two phases on an application by WEI to expand its Southern

Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing will commence on 8 July and Phase 2 will commence on 30 September at locations to be announced at a later date.

Phase 1 of the hearing will deal with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

Board staff will be conducting public information sessions during the week of 8 April in Chilliwack, Hope, Savona, Williams Lake, Quesnel et Summit Lake, all in British Columbia, to assist people in learning about the Board's hearing process and how to participate in the hearing.

On 2 January, WEI applied to construct approximately 89.5 kilometres (55.5 miles) of 1067 millimetre (42 inch) natural gas pipeline in eight loop segments along the route of the existing Southern Mainline. The proposed loops will range in length from approximately 3.5 kilometres (2.1 miles) to 31.4 kilometres (19.4 miles) and will be installed at locations from near McLeod Lake in north-central British Columbia to near Rosedale in southern British Columbia. Westcoast also proposes to upgrade and construct additional facilities at several compressor and meter stations. The additional facilities will provide approximately 5.7 million cubic metres (200 million cubic feet) per day of additional capacity on the Southern Mainline. The estimated cost of the project is \$338.4 million and the proposed in-service date is 1 November 2003.

Hearing Applications Filed

1. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135

kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

The Comprehensive Study Report required under the *Canadian Environmental Assessment Act* is still being finalized.

2. *PanCanadian Energy Corporation (PanCanadian) - Natural Gas Pipeline (File 3200-P022-1)*

On 1 March, PanCanadian applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. PanCanadian anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The

estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or Postponed

1. *Sumas Energy 2, Inc. (SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 21 March, the Board approved an application dated 7 June, from Aquila Canada for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 21 March, the Board approved an application dated 7 June from Aquila for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

3. *EPCOR Merchant and Capital Inc., formerly Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 14 March, the board approved an application dated 4 June from Encore for permits to export up

to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

4. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL) (File 2200-M020-4)*

On 5 March, the Board approved an application dated 7 September from Manitoba Hydro to construct a 230 kilovolt IPL extending approximately 80 kilometres (50 miles) from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The estimated cost of the Canadian portion of the IPL is \$22 million and the proposed in-service date is 31 October 2002.

5. Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)

On 14 March, the Board approved an application dated 24 August from Nexen for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm power and energy annually for a period of 10 years.

6. OGE Energy Resources Inc. (OGE) - Electricity Export (File 6200-0011-1)

On 27 March, the Board approved an application dated 18 January from OGE for permits to export up to 200 megawatts of firm and interruptible power, 1 500 gigawatt hours of firm energy and 250 gigawatt hours of interruptible energy annually for a period of 10 years.

7. TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)

On 28 February, the Board approved an application dated 13 March 2001 from TransCanada for permits to export up to 500 megawatts of firm and 500 megawatts of interruptible and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

Matters Under Consideration

8. Cargill-Alliant Energy Canada, LP (Cargill) - Electricity Export (File 6200-C208-1)

On 1 February, Cargill applied for permits to export up to 1 000 megawatts of firm power and up to 10 000 gigawatt-hours of combined firm and interruptible energy annually for a period of 10 years.

On 15 February, the Board sent a letter to Cargill requesting additional information.

9. Connectiv Energy Supply Inc. (Conectiv) - Electricity Export (File 6200-C204-1)

On 11 January, Conectiv applied for permits to export up to 5 000 gigawatt hours of interruptible energy and 571 megawatts and 5 000 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 12 February, the Board sent a letter to Conective requesting additional information.

10. The Detroit Edison Company (Detroit Edison) - Electricity Export (File 6200-D057-1)

On 13 February, Detroit Edison applied for permits to export up to 1 000 megawatts of firm power

and 9000 gigawatt hours of firm energy annually for 10 years.

On 13 March, the Board sent a letter to Detroit Edison requesting additional information.

11. The DTE Energy Trading, Inc. (DTE) - Electricity Export (File 6200-D058-1)

On 13 February, DTE applied for permits to export up to 2 000 megawatts of firm power and 10 terawatt hours of firm energy annually for 10 years.

On 14 March, the Board sent a letter to DTE requesting additional information.

12. Direct Energy Marketing Ltd. (Direct) - Electricity Export (File 6200-D027-1)

On 6 December, Direct applied for permits to export up to 1 000 megawatts of firm power, 2 000 megawatts of combined firm and interruptible power, 8 760 gigawatt hours of interruptible energy and 8 760 gigawatt hours of firm energy annually for a period of 10 years.

On 19 February, the Board sent a letter to Direct requesting additional information.

13. Hudson Energy Company (Hudson) - Nova Scotia to New York Power Project - (File 2200-H044-1)

On 19 December, Hudson filed documents entitled *Project Description and Draft Scope of the Environmental Assessment* as a preliminary submission for the proposed Nova Scotia to New York Power Project (the Power Project). The preliminary submission initiates the environmental assessment of the Power Project under the *Canadian Environmental Assessment Act* (CEAA). The draft scoping document outlines, in a general way, the requirements under the CEAA with respect to the scope of the assessment and Hudson's proposed approach to conduct the assessment.

Hudson proposes to construct an 832 megawatt combined-cycle natural gas-fired power generation facility in Goldboro, Nova Scotia and to transport the power to New York City through a subsea 500 kilovolt high voltage direct current cable. The total length of cable to be used in the Power Project is estimated to be between 1 300 and 1 450 kilometres (806 to 900 miles). Hudson proposes to start transmitting electricity to New York City by mid-2005. In its submission, Hudson stated that two potential marine corridors are being considered:

- the preferred alternative corridor extends from the Northeast Channel area to Great South Channel, via a southeastern route around Georges Bank; and
- an alternative corridor extends from the Northeast Channel area to Great South Channel via a northwestern route around Georges Bank.

From the Great South Channel and the area west of Georges Bank, the corridor extends from the western terminus of the Ambrose shipping channel into New York Harbor, through the Narrows in the Upper Bay and the Lower Hudson River to a terminus in the vicinity of West 49th Street, New York City.

14. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export (File 6200-M020-12)*

On 14 November, Manitoba Hydro applied for permits to export up to 100 megawatts of power annually and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h in 2003 - 2006, and 362 GW.h in 2007 for a period of five years.

On 1 February, the Board sent a letter to Manitoba Hydro requesting additional information.

15. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours of firm and interruptible energy annually for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

16. *Reliant Energy Services Canada (Reliant) - Electricity Export (File 6200-R038-1)*

On 1 February, Reliant applied for permits to export up to 1 000 megawatts of firm power and up to 5 000 gigawatt hours of combined firm and interruptible energy annually for a period of 10 years.

On 15 February, the Board sent a letter to Reliant requesting additional information.

17. *Williams Energy Marketing & Trading Canada Inc. (Williams) - Electricity Export (File 6200-W071-1)*

On 15 March, Williams applied for permits to export up to 1 000 megawatts of firm power, 4 000 gigawatt hours of interruptible energy and 4 000

gigawatt hours of firm energy annually for a period of 10 years.

Pipeline Matters

Matter Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *Husky Oil Operations Limited (Husky) - Pipeline Construction (File 3400-H012-10)*

On 29 November, Husky applied for approval to construct a 8.9 kilometre (5.5 mile) natural gas pipeline from approximately 175 kilometres (108 miles) east of Fort Nelson, British Columbia to approximately 40 kilometres (25 miles) west of Rainbow Lake, Alberta. The estimated cost of the pipeline is \$1.8 million.

On 21 December and 10 January, the Board sent letters to Husky requesting additional information.

3. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities (File 3400-M124-4)*

On 6 March, M&NP applied for approval to construct one custody transfer meter station and four compressor stations on its natural gas pipeline system in Nova Scotia and New Brunswick. The estimated cost of the facilities is \$190.8 million.

M&NP stated that these facilities are required to provide transmission service to PanCanadian Petroleum Limited of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005.

4. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

For more information on this matter, refer to item 10 under *Pipeline Matters* of the December 2001 *Regulatory Agenda*.

5. *TransCanada PipeLines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)*

On 20 December, TCPL applied for approval to construct approximately 24.4 kilometres (15 miles)

of 1219 millimetre (48 inch) pipeline on its B.C. System and for modifications to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

On 18 February and 12 March, the Board sent letters to TCPL requesting additional information.

6. *Westcoast Energy Inc. (WEI) - Review of Order XG-W005-22-2001 and Kwoen Re-Injection Extension Pipeline Application (Files 3400-W005-265 and 3400-W005-282)*

On 14 December, WEI applied for approval of the Kwoen Re-Injection Extension Pipeline Facilities in northeastern British Columbia which consist of:

- a 3.2 kilometre 168.3 millimetre (six inch) acid gas pipeline extending from the end of the Kwoen Re-injection Pipeline near the Talisman Energy Inc. well located at b-65-B/93-P-5 to Talisman's well at a-43-B/93-P-5;
- a 1.4 kilometre 88.9 millimetre (three inch) fuel gas pipeline extension from a tie-in point on WEI's existing South Sukunka Fuel Gas Pipeline at c-44-B/93-P-5 to well a-43-B/93-P-5;
- install two electric pumps and associated facilities at the Kwoen processing and compressor sites; and
- install communications and control facilities at well site a-43-B/93-P-5.

The purpose of the facilities is to allow re-injection of acid gas extracted from raw gas processed at the Kwoen processing facility into an existing Talisman well. WEI originally intended to dispose of acid gas in well b-65-B/93-P-5.

On 19 September, WEI had informed the Board that it had identified problems with the b-65-B/93-P-5 well and that the connection of the Kwoen facilities as approved by Order XG-W005-22-2001 to the b-65-B/93-P-5 well appeared to be in serious doubt. The Board noted that the b-65-B/93-P-5 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the well, the viability of the Kwoen project and other projects related to it may be in question. On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved the original Kwoen facilities.

On 23 January, the Board decided, as the factual records for the Review and the Application have considerable overlap, to consider both matters together in a consolidated proceeding (see item 1 under *Appeals and Reviews, Reviews Pending* below).

Traffic, Tolls And Tariff Matters

Matters Completed

1. *Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.) , Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2002 Operating and Maintenance Expense Budgets (File 4750-F6-2)*

On 27 March, the Board approved applications date 30 November and 8 March from Foothills, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2002 and for new interruptible tolls for Zone 9 effective 1 April 2002.

On 19 December, the had Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2001 costs and any variances from the amounts approved for 2001, both due to be filed with the Board by the end of February 2002. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2002 equal to 50 per cent of the budgets submitted.

2. *TransCanada PipeLines Limited (TCPL) - Reports of the 2002 Tolls Task Force (Files 4775-T001-1/2002-02 and 4775-T001-1/2001-08)*

The Board has approved the following resolutions of the 2002 Toll Task Force:

Resolution No.	Date approved	Subject
09.2001 (amendment)	19 March	Merger Costs and Benefit Agreement Audit Scope and Engagement - Amendment to Engagement Letter
01.2002	21 March	Transportation Access Procedure (Revisions to Existing System Access and Queuing Procedures)
02.2002	21 March	Change to Operating Demand Energy Tables - New Report and Design
03.2002	21 March	Tariff Notice Update re: TransCanada Office Relocations
04.2002	26 March	Incremental Marginal Fuel Ration - Summer Season 2002

3. **Trans-Northern Pipelines Inc. (TNPL) - Tolls for 2002 (Files 4775-T002 and 4200-T002-9)**

On 28 March, the Board approved an application dated 28 February from TNPL for approval of final tolls for the year 2002.

Frontier Matters

1. **Applications to Alter the condition of a well:**

Company	Well	Operation ID/WD	Date approved
Paramount Resources Ltd.	Anadarko Bovie F-66	9211-P33-17-2 WID 1935	6 March
Paramount Resources Ltd.	Cameron H-03	9211-P33-18-4 WID 1940	11 March
Paramount Resources Ltd.	Cameron I-73	9211-P33-18-1 WID 1937	13 March
Anadarko Canada Corporation	Netla A-68	9211-A069-1-1 WID 1936	13 March
Paramount Resources Ltd.	Cameron C-74	9211-P33-18-3 WID 1939	28 March

2. **Geological, geophysical or geotechnical operation - Two applications and one amendment were approved pursuant to section 5.1(b) of the Canada Oil and Gas Operations Act.**

Company	Area	Operation ID	Date
Anderson Resources Ltd.	Mackenzie Delta	9329-A066-002E (amendment)	12 March
Northrock Resources Ltd.	Mainland NWT	9227-N046-001DA (Data Purchase)	13 March
Devon ARL Corporation	Beaufort Sea	9429-D030-001E	13 March

Appeals and Reviews

Appeals Pending

1. **Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)**

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

2. **TransCanada PipeLines Limited (TCPL) - Cost Recovery Regulations (CRR) - TCPL's BC System**

On 24 October, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's decision of 27 September in which it reversed TCPL's entitlement to a cap under the CRR by TCPL's BC System, earlier granted by the Board on 14 March. The 27 September decision of the Board also made the change retroactive to 1 January.

In brief, TCPL is seeking leave to appeal for the following reasons:

- the Board erred in law and acted without jurisdiction by reversing its 14 March decision to cap the 2001 costs payable to the Board by TCPL's BC System under the CRR, without any lawful authority to do so;
- the Board erred in law by reversing its 14 March decision contrary to the requirement

in the CRR that the BC System receive the benefit of a cap on its share of Board costs payable;

- the Board proceeded in a manner inconsistent with the principle of natural justice; and
- the Board erred in law by increasing retroactively the amount payable under the CRR for the first half of 2001, without there being any express authority in the CRR and the *National Energy Board Act* to do so.

Reviews Pending

1. **Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)**

(See also item 6 under *Pipeline Matters, Matters Under Consideration* above)

On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved an application by WEI to construct the Kwoen facilities.

On 19 September, WEI had informed the Board that it had identified problems with Talisman Energy Inc.'s re-injection well located at b-65-B/93-P-5 (b-65 well) and that the connection

of the Kwoen facilities as approved by Order XG-W005-22-2001 to the b-65 well appears to be in serious doubt. The Board noted that the b-65 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the b-65 well, the viability of the Kwoen project and other projects related to it may be in question.

The Kwoen Facilities, located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and (iv) modifications to a re-injection disposal well.

2. Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)

On 17 October 2000, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125,

EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drownings have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure, 1995*, including notification to potentially interested persons.

Amendments to Regulations, Rules and Guidelines

1. National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

The Board is conducting a survey of pipeline landowners which will build on the information acquired in the survey of stakeholders published in February, 2001. The survey is expected to be complete and available in April 2002.

The Board intends to release a conceptual draft of the Damage Prevention Regulations for comment in spring 2002. The Regulations are presently expected to come into force in 2004.

2. Processing Plant Regulations (the Regulations) (File 185-A000-13)

The Board is proposing new goal-oriented Processing Plant Regulations to complement the *Onshore Pipeline Regulations, 1999*. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations, 1999*.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

3. National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)

On 21 March, the Board released a Memorandum of Guidance detailing variations to the *National Energy Board Rules of Practice and Procedure, 1995* that are required to support the implementation of electronic filing at the Board.

On 18 February, the Board launched the electronic filing system that enables parties to file documents with the Board and to access such documents electronically. Electronic filing reduces the number of paper copies required to be filed, provides quicker access to electronically-filed documents and provides users with increased search and retrieval capabilities.

In addition to the Memorandum of Guidance, a *Filer's Guide to Electronic Submission* is also available. It can be located on the Board's Web site under *Submit a Document*. The Filer's Guide provides details on the process and guidelines for filing electronic documents with the Board and associated options for service of such documents on other persons.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)*

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other

government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the Guidelines and this draft now is being released for public comment. Following this comment period the draft will be revised as necessary and submitted to the three Boards for their consideration.

All comments on the draft revision to the Guidelines should be received by the C-NOPB by the close of business 5 April 2002.

7. *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (File 4600-A000-3)*

On 30 January, the Board released a discussion paper and *Draft Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* for public comment.

The Board's existing *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, as amended August 1994, require that an application supported by a negotiated settlement be based on unanimous or unopposed support of the parties to the negotiation. They do not contain any guidance as to how the Board may deal with contested settlements. The draft revised guidelines identifies steps the Board could take to deal with contested settlements in the future. The deadline for filing comments is Wednesday 20 March.

8. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Report

On 27 March, the Board published its report entitled *National Energy Board 2002-2003 Estimates - Part III - Report on Plans and Priorities*. The Reports on Plans and Priorities (RPPs) are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year

period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are tabled in the spring and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alta Gas Transmission Ltd.	File: 3400-A096-1 and -2 Order: XG-A096-12-2002	Application dated 22 November; approved on 21 March. Construct a riser.	20 000
Foothills Pipe Lines Ltd.	File: 3400-F006-40 Order: XG-F006-14-2002	Application dated 18 January; approved on 27 March. Install two interconnections between Zone 7 of the Alberta System Expansion loops and the proposed TransCanada PipeLines Westpath Expansion loops in Southwest Alberta.	650 000
Many Islands Pipe Lines (Canada) Limited	File: 3400-M029-34 Order: XG-M029-11-2002	Application dated 8 November; approved on 21 March. Construct facilities to divide an existing pipeline.	16 000
TransCanada PipeLines Limited	File: 3400-T001-194 Order: XG-T001-10-2002	Application dated 13 February; approved on 18 March. Install the Selkirk Sales Meter Station near Landmark, Manitoba.	720 400
Westcoast Energy Inc.	File: 3400-W005-289 Order: XG-W005-13-2002	Application dated 18 February; approved on 21 March. Casing upgrade along the Boundary Lake Pipeline.	85 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-42 Order: XO-E101-07-2002	Application dated 12 December; approved on 11 March. Install custody transfer metering and tank manifold connection for the new Corridor Pipeline at the Edmonton Terminal.	5 290 000
Williams Energy (Canada) Inc.	File: 3400-W070-2 Order: XO-W039-8-2002	Application dated 25 January; approved on 14 March. Construct a hot tap on the Taylor to Boundary Lake Pipeline.	90 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of April 2002

Awareness 2002 Workshop

The Board's fourth Public Awareness Workshop is expanding to include continuing education and liaison programs in the pipeline industry. The workshop will be held at the World Trade and Convention Centre in Halifax, Nova Scotia on 24 and 25 June 2002.

For further information on the Workshop, visit the Board's Internet site at www.neb-one.gc.ca under *Safety and Environment, Workshops*.

Public Hearing Applications

Hearing Decisions Pending

1. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - EH-1-2002 (File 2200-C019-1)*

The Board held a public hearing on 26 and 27 March in Dorval, Quebec to consider an application by Cedars to reconstruct an IPL from Les Cèdres, Quebec to Cornwall, Ontario.

2. *TransCanada PipeLines Limited (TCPL) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board held a public hearing from 27 February to 4 April (19 days) in Calgary, Alberta concerning an application by TCPL for approval of the cost of

capital to be included in the calculation of its mainline tolls for the years 2001 and 2002.

Hearings Scheduled

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the WeeJay Lateral - GH-2-2002 (File 3200-W005-11)*

The Board will hold a public hearing commencing on 25 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the WeeJay Lateral in British Columbia and Alberta.

Board staff have conducted public information sessions on 3 and 4 April in Tumbler Ridge and Chetwynd, British Columbia to assist the public in

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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learning about the Board's hearing process and how to participate in the hearing.

On 31 January 2001, WEI applied to construct approximately 109.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 5 kilometres (3 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline. The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million.

2. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)*

The Board will hold a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing will commence on 8 July and Phase 2 will commence on 30 September at locations to be announced at a later date.

Phase 1 of the hearing will deal with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with, design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

Board staff have conducted public information sessions during the week of 8 April in Chilliwack, Hope, Savona, Williams Lake, Quesnel and Summit Lake, all in British Columbia, to assist people in learning about the Board's hearing process and how to participate in the hearing.

On 2 January, WEI applied to construct approximately 89.5 kilometres (55.5 miles) of 1 067 millimetre (42 inch) natural gas pipeline in eight loop segments along the route of the existing Southern Mainline. The proposed loops will range in length from approximately 3.5 kilometres (2.1 miles) to 31.4 kilometres (19.4 miles) and will be installed at locations from near McLeod Lake in north-central British

Columbia to near Rosedale in southern British Columbia. Westcoast also proposes to upgrade and construct additional facilities at several compressor and meter stations. The additional facilities will provide approximately 5.7 million cubic metres (200 million cubic feet) per day of additional capacity on the Southern Mainline. The estimated cost of the project is \$338.4 million and the proposed in-service date is 1 November 2003.

3. *Province of New Brunswick - Short-term Orders to Export Natural Gas - MH-2-2002 (7500-M093-3)*

The Board will hold a public hearing commencing 15 July in Fredericton, New Brunswick on an application from the Province of New Brunswick requesting that the Board hold a public hearing to examine the rules for natural gas exports. New Brunswick proposes that the Board establish rules that would apply when the Board considers applications for short-term export orders for incremental supplies of Scotian offshore natural gas if those supplies cannot meet both domestic and export requests for service.

Hearings Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time. The postponement was made necessary as a result of timing extensions sought by parties to the proceeding and the timing of the Joint Review Panel decision on whether certain environmental evidence will be required.

On 9 and 10 April, the Panel heard argument in Sidney, British Columbia from parties regarding the ability of the Panel to consider the environmental effects of the combustion of gas transported by the pipeline and the combustion of gas at existing and proposed generation facilities.

The proposed GSX Canada Pipeline Project is a joint undertaking by British Columbia Hydro and Power Authority and Williams Gas Pipeline Company. It is the Canadian portion of the project that would transport natural gas from Sumas, Washington to Vancouver Island.

The proposed GSX Canada Pipeline Project would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an

interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.71 million cubic metres (96 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003 and the estimated cost of the Canadian portion of the project is \$100 million.

2. Coral Energy Canada Inc. (Coral) - Access to Union Gas Ltd.'s (Union) Ojibway Pipeline - MH-1-2002 File (4775-U001-1-1)

The Board has adjourned, at the request of Coral, the public hearing which was to commence on 11 June in Windsor, Ontario on an application by Coral for access to Union's Ojibway pipeline near Windsor.

Coral was of the view that discussions for a negotiated solution are sufficiently advanced, and Union agreed, that it would be reasonable for the Board to suspend its consideration of the application at this time.

The portion of the Ojibway pipeline under the jurisdiction of the Board consists of approximately 677 metres of two parallel 323.9 millimetre (12 inch) natural gas pipelines that run from a point of interconnection with the Panhandle Eastern Pipeline at the international boundary approximately mid-point in the Detroit River to a point of interconnection with Union's distribution system in Windsor.

Coral has entered into a 20 year energy conversion agreement with Brighton Beach L.P., a joint venture formed to construct a natural-gas fired power station to be located in the City of Windsor. Coral requires long-term transportation service to supply gas to the Brighton Beach Power Station and is proposing delivery of the gas via the Ojibway pipeline.

Hearing Applications Filed

1. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the

international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. PanCanadian Energy Corporation (PanCanadian) - Natural Gas Pipeline (File 3200-P022-1)

On 1 March, PanCanadian applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. PanCanadian anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or Postponed

1. Sumas Energy 2, Inc. (SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

2. Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. Crowsnest Pipeline Project - Natural Gas Pipeline

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Connectiv Energy Supply Inc. (Conectiv) - Electricity Export (File 6200-C204-1)*

On 25 April, the Board approved an application dated 11 January from Conectiv for permits to export up to 5 000 gigawatt hours of interruptible energy and 1 000 megawatts and 5 000 gigawatt hours of firm power and energy annually for a period of 10 years.

2. *The Detroit Edison Company (Detroit Edison) - Electricity Export (File 6200-D057-1)*

On 25 April, the Board approved an application dated 14 February from Detroit Edison for permits to export up to 1 000 megawatts of firm power and 8 760 gigawatt hours of firm energy annually for 10 years.

3. *The DTE Energy Trading, Inc. (DTE) - Electricity Export (File 6200-D058-1)*

On 25 April, the Board approved an application dated 14 February from DTE for permits to export up to 2 000 megawatts of firm power and 10 000 gigawatt hours of firm energy annually for 10 years.

4. *Direct Energy Marketing Ltd. (Direct) - Electricity Export (File 6200-D027-1)*

On 11 April, the Board approved an application dated 6 December from Direct for permits to export up to 1 000 megawatts of firm power, 2 000 megawatts of combined firm and interruptible power, 8 760 gigawatt hours of interruptible energy and 8 760 gigawatt hours of firm energy annually for a period of 10 years.

5. *Reliant Energy Services Canada. (Reliant) - Electricity Export (File 6200-R038-1)*

On 11 April, the Board approved an application dated 1 February from Reliant for permits to export up to 1 000 megawatts of firm power and up to 5 000 gigawatt hours of combined firm and interruptible energy annually for a period of 10 years.

Matters Under Consideration

6. *Cargill-Alliant Energy Canada, LP (Cargill) - Electricity Export (File 6200-C208-1)*

On 1 February, Cargill applied for permits to export

up to 1 000 megawatts of firm power and up to 10 000 gigawatt hours of combined firm and interruptible energy annually for a period of 10 years.

On 15 February, the Board sent a letter to Cargill requesting additional information.

7. *Dynegy Power Marketing, Inc. (Dynegy) - Electricity Export (File 6200-D059-1)*

On 12 March, Dynegy applied for permits to export up to 1 200 gigawatt hours of interruptible energy and 200 megawatts and 1 200 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 12 April, the Board sent a letter to Dynegy requesting additional information.

8. *EPCOR Merchant and Capital Inc. (EPCOR) - Electricity Export (File 6200-E091-2)*

On 28 March, EPCOR applied for permits to export up to 4 000 gigawatt hours of interruptible energy and 1 200 megawatts and 3 000 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 26 April, the Board sent a letter to EPCOR requesting additional information.

9. *Hudson Energy Company (Hudson) - Nova Scotia to New York Power Project - (File 2200-H044-1)*

On 19 December, Hudson filed documents entitled *Project Description and Draft Scope of the Environmental Assessment* as a preliminary submission for the proposed Nova Scotia to New York Power Project (the Power Project). The preliminary submission initiates the environmental assessment of the Power Project under the *Canadian Environmental Assessment Act* (CEAA). The draft scoping document outlines, in general way, the requirements under the CEAA with respect to the scope of the assessment and Hudson's proposed approach to conduct the assessment.

Hudson proposes to construct a 832 megawatt combined-cycle natural gas-fired power generation facility in Goldboro, Nova Scotia and to transport the power to New York City through a subsea 500 kilovolt high voltage direct current cable. The total length of cable to be used in the Power Project is estimated to be between 1 300 and 1 450 kilometres (806 to 900 miles). Hudson proposes to start transmitting electricity to New York City by

mid-2005. In its submission, Hudson stated that two potential marine corridors are being considered:

- the preferred alternative corridor extends from the Northeast Channel area to Great South Channel, via a southeastern route around Georges Bank; and
- an alternative corridor extends from the Northeast Channel area to Great South Channel via a northwestern route around Georges Bank.

From the Great South Channel and the area west of Georges Bank, the corridor extends from the western terminus of the Ambrose shipping channel into New York Harbor, through the Narrows in the Upper Bay and the Lower Hudson River to a terminus in the vicinity of West 49th Street, New York City.

10. Hydro One Delivery Services, Inc. (Hydro One) - Lake Erie Link (File 2200-H026-1)

On 24 April, Hydro One and its affiliates in partnership with TransEnergie U.S. Ltd. filed with the Board two documents entitled *Project Description of the Lake Erie Link under the Canadian Environmental Assessment Act and Environmental Assessment Scoping Development* as a preliminary submission with respect to the construction of the proposed Lake Erie Link international power line. The Environmental Assessment Scoping Development document initiates early co-ordination and scoping for the federal environmental assessment process in advance of a formal application. The Scoping Development document outlines the scope of the project along with the scope of the factors to be assessed in future environmental assessments.

The proposed Lake Erie Link is an international power line between Canada and the United States under Lake Erie that would commence near Nanticoke, Ontario and run to Erie, Pennsylvania and/or Ashtabula, Ohio. The system would consist of one, two or three 150 kilovolt buried submarine cables, two converter stations and underground land cables to existing substations at or near the shore. The project would provide up to 970 megawatts of capacity.

A converter station would be constructed near Nanticoke which would occupy approximately 10 acres of land. The site of the station would be in an

industrial zone in or close to the existing Nanticoke Thermal Generating Station. The cables would cross the eastern basin of Lake Erie to either Erie-West or Ashtabula. The length of the cables would be 115 kilometres (71 miles) to Erie-West or 150 kilometres (93 miles) to Ashtabula. The length of the Canadian portion of cable would be 40 - 60 per cent of the total length based on the route selected.

11. The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export (file 6200-M020-12)

On 14 November, Manitoba Hydro applied for permits to export up to 100 megawatts of power annually and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h in 2003 - 2006, and 362 GW.h in 2007 for a period of five years.

On 1 February, the Board sent a letter to Manitoba Hydro requesting additional information.

12. Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours of firm and interruptible energy annually for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

13. Williams Energy Marketing & Trading Canada Inc. (Williams) - Electricity Export

On 15 March, Williams applied for permits to export up to 1 000 megawatts of firm power, 4 000 gigawatt hours of interruptible energy, 4 000 gigawatt hours of firm energy annually for a period of 10 years.

Pipeline Matters

Matters Completed

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

2. Safety Advisory NEB SA02-1 (File 2010-16)

On 10 April, the Board issued a safety advisory regarding equipment and/or procedures to ensure

the safety of personnel working on road sides. The Safety Advisory NEB SA02-1 is available on the Board's Internet Site.

3. *Westcoast Energy Inc. (WEI) - Review of Order XG-W005-22-2001 and Kwoen Re-Injection Extension Pipeline Application (Files 33400-W005-265 and 400-W005-282)*

On 23 April, the Board approved an application dated 14 December from WEI to construct the following facilities:

- a 3.2 kilometre, 168.3 millimetre (6 inch) acid gas pipeline extending from the end of the Kwoen Re-injection Pipeline near the Talisman Energy Inc. (Talisman) well located at b-65-B/93-P-5 to Talisman's well located at a-43-B/93-P-5;
- a 1.4 kilometre 88.9 millimetre (3 inch) fuel gas pipeline extension from Westcoast's existing South Sukunka Fuel Gas Pipeline to the terminus of the Re-injection Extension Pipeline;
- two electric pumps and associated facilities at the Kwoen processing and compressor sites; and
- communications and control facilities at well site a-43-B/93-P-5.

The facilities will be located about 39 kilometres (24 miles) southeast of the existing Pine River Plant, which is located 30 kilometres (19 miles) south of Chetwynd, British Columbia. The purpose of the project is to allow re-injection of acid gas extracted from raw gas processed at the Kwoen processing facility into the Talisman well located at a-43-B/93-P-5. The estimated cost of the proposed facilities is \$9.48 million.

In July 2001, the Board approved Westcoast's Kwoen Facilities application. These facilities consisted of an acid gas stripper which will process a part of the raw gas transported by the Grizzly Valley Pipeline System. The acid gas removed from the processing facilities was to be transported via the approved re-injection pipeline for injection into the Talisman well located at b-65-B/93-P-5. In September 2002, Westcoast informed the Board that it had identified problems with the b-65-B/93-P-5 well, that made the well unsuitable for acid gas disposal. In December 2002, Westcoast applied to the Board for construction and operation of the Re-Injection Extension Pipeline Facilities in order to connect the acid gas re-injection pipeline to the

Talisman well located at a-43-B/93-P-5 in northeastern British Columbia.

Matters Under Consideration

4. *Husky Oil Operations Limited (Husky) - Pipeline Construction (File 3400-H012-10)*

On 29 November, Husky applied for approval to construct a 8.9 kilometre (5.5 mile) natural gas pipeline from approximately 175 kilometres (108 miles) east of Fort Nelson, British Columbia to approximately 40 kilometres (25 miles) west of Rainbow Lake, Alberta. The estimated cost of the pipeline is \$1.8 million.

On 21 December and 10 January, the Board sent letters to Husky requesting additional information.

5. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities (File 3400-M124-4)*

On 6 March, M&NP applied for approval to construct one custody transfer meter station and four compressor stations on its natural gas pipeline system in Nova Scotia and New Brunswick. The estimated cost of the facilities is \$190.8 million.

M&NP stated that these facilities are required to provide transmission service to PanCanadian Petroleum Limited of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005.

6. *Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)*

For more information on this matter, refer to item 10 under *Pipeline Matters* of the December 2001 *Regulatory Agenda*.

7. *TransCanada PipeLines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)*

On 20 December, TCPL applied for approval to construct approximately 24.4 kilometres (15 miles) of 1219 millimetre (48 inch) pipeline on its B.C. System and for modifications to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

On 18 February, 12 March and 26 April, the Board sent letters to TCPL requesting additional information.

Traffic, Tolls And Tariff Matters

Matters Completed

1. *TransCanada PipeLines Limited (TCPL) - Reports of the 2002 Tolls Task Force (4775-T001-1/2002-02 and 4775-T001-1/2001-08)*

The Board has approved the following resolution of the 2002 Toll Task Force:

Resolution No.	Date approved	Subject
01.2002, revised	19 April	Transportation Access Procedure

2. *Enbridge Pipelines Inc. (Enbridge) - Final Tolls for 2002 (File 4200-E101-3)*

On 17 April, the Board approved an application dated 21 March from Enbridge for final tolls for the year 2002 in accordance to the approved 2000 Incentive toll Settlement between Enbridge and the Canadian Association of Petroleum Producers.

Matter Under Consideration

3. *TransCanada PipeLines Limited (TCPL) - Second Amending Agreement to the Mainline Service and Pricing Settlement (4775-T001-15-1)*

On 12 April, TCPL filed an application for approval of the Second Amending Agreement to the Mainline Service and Pricing Settlement .

On 19 April, the Board decided to seek comments of interested parties on the application.

4. *Westcoast Energy Inc. (WEI) - 2002 and 2003 Tolls (File 4200-W005-14)*

On 26 March, WEI filed an amended application for final tolls effective 1 January 2002 for mainline transmission services on Zones 3 and 4 for 2002 and for approval of a methodology of establishing similar tolls for 2003. WEI stated in its application that the tolls were based on a settlement dated 17 January negotiated with a large proportion of shippers, producers and end-users, and that it has received indications of support from a significant proportion of mainline shippers.

On 18 April, the Board decided to seek comments of interested parties on the application.

Frontier Matters

1. *Imperial Oil Resources Limited* was given an exemption on 26 April from bi-monthly testing requirements for the wells Imperial Canol A-45X, Esso Norman Wells D-44X, Esso Norman Wells J-52X and Esso Norman Wells K-48X.
2. *Imperial Oil Resources Limited* was given approval on 16 April to construct certain pipeline facilities in Norman Wells pursuant to paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act*.
3. *Paramount Resources Ltd.* was given approval on 22 April for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the following wells:

Para et al Cameron I-73
Para et al Cameron H-03
Para et al Cameron C-74
Paramount Anadarko Bovie J-76
Paramount Anadarko Bovie F-66
4. *Geological, geophysical or geotechnical operation* - One application was approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Devlan Exploration Inc.	Gwich'in	9233-D028-001E	37350

Appeals and Review

Appeals Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

2. *TransCanada PipeLines Limited (TCPL) - Cost Recovery Regulations (CRR) - TCPL's BC System*

On 24 October, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's decision of 27 September in which it reversed TCPL's entitlement to a cap under the CRR by TCPL's BC System, earlier granted by the Board on 14 March. The 27 September decision of the Board also made the change retroactive to 1 January.

In brief, TCPL is seeking leave to appeal for the following reasons:

- the Board erred in law and acted without jurisdiction by reversing its 14 March decision to cap the 2001 costs payable to the Board by TCPL's BC System under the CRR, without any lawful authority to do so;
- the Board erred in law by reversing its 14 March contrary to the requirement in the CRR that the BC System receive the benefit of a cap on its share of Board costs payable;
- the Board proceeded in a manner inconsistent with the principle of natural justice; and,
- the Board erred in law by increasing retroactively the amount payable under the CRR for the first half of 2001, without there

being any express authority in the CRR and the National Energy Board Act to do so.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October 2000, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure, 1995*, including notification to potentially interested persons.

Amendments to Regulations, Rules and Guidelines

1. *Guidance Notes for the Onshore Pipeline Regulations*

The Board has sought comments from the public on proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations, 1999*.

The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations, 1999*. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the *Onshore Pipeline Regulations, 1999*.

2. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

The Board is conducting a survey of pipeline landowners which will build on the information acquired in the survey of stakeholders published in February, 2001. The survey is expected to be complete and available in April 2002.

The Board intends to release a conceptual draft of the Damage Prevention Regulations for comment in spring 2002. The Regulations are presently expected to come into force in 2004.

3. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

The Board is proposing new goal-oriented Processing Plant Regulations to complement the *Onshore Pipeline Regulations, 1999*. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose

function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations, 1999*.

The draft regulations have been examined by the Department of Justice under the *Statutory Instruments Act* and will be published in the *Canada Gazette, Part I* in the near future.

4. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)*

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the Guidelines and this draft now is being released for public comment. Following this comment period the draft will be revised as necessary and submitted to the three Boards for their consideration.

7. *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (File 4600-A000-3)*

On 30 January, the Board released a discussion paper and *Draft Revised Guidelines for Negotiated Settlements*

of *Traffic, Tolls and Tariffs* for public comment.

The Board's existing *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, as amended August 1994, require that an application supported by a negotiated settlement be based on unanimous or unopposed support of the parties to the negotiation. They do not contain any guidance as to how the Board may deal with contested settlements. The draft revised guidelines identifies steps the Board could take to deal with contested settlements in the future.

8. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipeline Ltd.	File: 3400-A159-7 Order: XG-A159-15-2002	Application dated 5 February; approved on 3 April. Construct two six inch interconnect pipelines of approximately 155 metres in length. Construct a pipeline between a proposed meter station and an existing tee and valve on the Fort Saskatchewan lateral. Construct a meter station. Construct a building to house the a motor control centre and a communication system.	1 570 000
Westcoast Energy Inc.	File: 3400-W005-290	Application dated 21 February. Install four kilometres of pipeline loop on the Fort Nelson Mainline.	8 040 000
Westcoast Energy Inc.	File: 3400-W005-285 Order: XG-W005-16-2002	Application dated 4 January; approved on 17 April. Sulphur loading and unloading facility modifications.	140 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-43 Order: XO-E101-10-2002	Application dated 14 December; approved on 11 April. Terrace Expansion Program, Phase III.	5 290 000
Trans-Northern Pipelines Inc.	File: 3400-T002-51 Order: XO-T002-9-2002	Application dated 12 February; approved on 4 April. Modifications to the Oakville and Nanticoke pump stations.	2 860 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of May 2002

Damage Prevention Regulations

The Board is seeking comments from the public on proposed *Damage Prevention Regulations* that will eventually govern all activities which could damage a pipeline, including vehicle and mobile equipment crossings. The proposed new regulations will apply to pipeline companies as well as a significant number of Canadians who own land crossed by a pipeline or who undertake activities that could damage a pipeline.

On 30 May, the Board released a document entitled *A Conceptual Draft of the Proposed National Energy Board Damage Prevention Regulations & Guidance Notes*. The document contains the framework, concepts and ideas that will eventually form the new regulations.

To ensure Canadians are provided with an opportunity to participate in the development of

these Regulations, the Board intends to meet with stakeholders over the next six months. Planning is underway for "town hall" style meetings at numerous locations across Canada. Details of these meetings will be announced as they become available.

The Board also released the results of a national survey of Canadians who own land crossed by a federally-regulated pipeline. This survey was conducted for the Board by COMPAS between January 17 and February 02, 2002 and will be used in the development of the new regulations.

The conceptual draft of the proposed regulations and the COMPAS survey are available on the Board's web site at http://www.neb-one.gc.ca/safety/damgprev/index_e.htm.

Awareness 2002 Workshop

The Board's fourth Public Awareness Workshop will be held at the World Trade and Convention Centre in Halifax, Nova Scotia on 24 and 25 June

2002. For further information on the Workshop, visit the Board's Web site at www.neb-one.gc.ca under *Safety and Environment, Workshops*.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Public Hearing Applications

Hearing Decisions Pending

1. ***Cedars Rapids Transmission Co. (Cedars Rapids) - Reconstruction of an International Power Line (IPL) - EH-1-2002 (File 2200-C019-1)***

The Board held a public hearing on 26 and 27 March in Dorval, Quebec to consider an application by Cedars Rapids to reconstruct an IPL from Les Cèdres, Quebec to Cornwall, Ontario.

2. ***TransCanada Pipelines Limited (TCPL) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)***

The Board held a public hearing from 27 February to 4 April (19 days) in Calgary, Alberta concerning an application by TCPL for approval of the cost of capital to be included in the calculation of its mainline tolls for the years 2001 and 2002.

Hearings Scheduled

1. ***Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral - GH-2-2002 (File 3200-W005-11)***

The Board will hold a public hearing commencing on 25 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 31 January 2001, WEI applied to construct approximately 109.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately five kilometres (three miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline. The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million.

2. ***Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)***

The Board will hold a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing will commence on 8 July in Abbotsford, British Columbia and Phase 2 will commence on 30 September in Chilliwack, British Columbia and will continue in Williams Lake, British Columbia on 3 October and will then reconvene in Chilliwack on 7 October.

Phase 1 of the hearing will deal with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with, design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

On 2 January, and amended on 15 May, WEI applied to construct approximately 55 kilometres (34 miles) of 1 067 millimetre (42 inch) natural gas pipeline in six loop segments along the route of the existing Southern Mainline. The proposed loops will range in length from approximately 3.5 kilometres (2.1 miles) to 26.8 kilometres (16.5 miles) and will be installed at locations from near McLeod Lake in north-central British Columbia to near Rosedale in southern British Columbia. Westcoast also proposes to upgrade and construct additional facilities at several compressor and meter stations. The additional facilities will provide approximately 5.7 million cubic metres (200 million cubic feet) per day of additional capacity on the Southern Mainline. The estimated cost of the project is \$270 million and the proposed in-service date is 1 November 2003.

3. ***Province of New Brunswick - Short-term Orders to Export Natural Gas - MH-2-2002 (7500-M093-3)***

The Board will hold a public hearing commencing 15 July in Fredericton, New Brunswick on an application from the Province of New Brunswick requesting that the Board hold a public hearing to examine the rules for natural gas exports. New Brunswick proposes that the Board establish rules that would apply when the Board considers applications for short-term export orders for incremental supplies of Scotian offshore natural gas if those supplies cannot meet both domestic and export requests for service.

4. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)*

The Board will hold a public commencing on 16 September in Halifax, Nova Scotia on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick.

M&NP proposes to construct one custody transfer meter station and four compressor stations (CS) on its mainline as follows:

- one Custody Transfer Meter Station to be located at approximately 1.1 kilometre downstream of the existing Goldboro Meter Station;
- CS 1 - Concord, Nova Scotia - to be located approximately 15 kilometres south of New Glasgow near Concord;
- CS 2 - Amherst Head, Nova Scotia - to be located approximately 24 kilometres northeast of Amherst and 14 kilometres east of the Nova Scotia/New Brunswick border;
- CS-3 - New Canaan, New Brunswick - to be located in Westmorland County approximately 16 kilometres north of Route 112; and,
- CS-4 - Tracyville, New Brunswick - to be located approximately 20 kilometres south of Fredericton, New Brunswick.

M&NP stated that these facilities are required to provide transmission service to EnCana Corporation of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005. The estimated cost of the facilities is \$190.8 million.

Hearing Applications Filed

1. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)*

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB

Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. *EnCana Corporation (EnCana), formerly PanCanadian Energy Corporation - Natural Gas Pipeline (File 3200-P022-1)*

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Application Withdrawn

1. *Coral Energy Canada Inc. (Coral) - Access to Union Gas Ltd.'s (Union) Ojibway Pipeline - MH-1-2002 File (4775-U001-1-1)*

On 23 May, Coral withdrew its application for access to Union's Ojibway pipeline near Windsor, Ontario. The Board had adjourned, at the request of Coral, the public hearing which was to commence on 11 June in Windsor.

Hearings Adjourned or Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time. The postponement was made necessary as a result of timing extensions sought by parties to the proceeding and the timing of the Joint Review Panel decision on whether certain environmental evidence will be required.

On 31 May, the Panel determined that a consideration of the environmental effects of

burning gas at a proposed new electrical generation facility on Vancouver Island is relevant to determine whether the pipeline project should be considered for approval.

The decision is the result of a formal comment process instituted by the Panel as to whether the environmental effects of the combustion of the gas should be added to the public hearing's List of Issues.

2. *Sumas Energy 2, Inc. (SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the February 2001 issue of the *Regulatory Agenda*.

3. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

4. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Cargill-Alliant Energy Canada, LP (Cargill) - Electricity Export (File 6200-C208-1)*

On 2 May, the Board approved an application dated 1 February from Cargill for permits to export up to 10 000 gigawatt hours of interruptible energy and up to 1 000 megawatts of firm power and 10 000 gigawatt hours of firm energy annually for a period of 10 years.

2. *Williams Energy Marketing & Trading Canada Inc. (Williams) - Electricity Export (File 6200-W071-1)*

On 9 May, the Board approved an application dated 15 March from Williams for permits to export up to 500 megawatts of firm power, 4 000 gigawatt hours of firm energy and 4 000 gigawatt hours of interruptible energy annually for a period of 10 years.

3. *Dynegy Power Marketing, Inc. (Dynegy) - Electricity Export (File 6200-D059-1)*

On 16 May, the Board approved an application dated 12 March from Dynegy for permits to export up to 1 200 gigawatt hours of interruptible energy and 200 megawatts and 1 200 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

4. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export (file 6200-M020-12)*

On 30 May, the Board approved an application dated 14 November from Manitoba Hydro for permits to export up to 100 megawatts of power

annually and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h for the period 2003 to 2006, and 362 GW.h in 2007 for a period of five years.

Matters Under Consideration

5. *Consumers Energy Company (Consumers) - Electricity Export (File 6200-C209-1)*

On 24 May, Consumers applied for permits to export up to 16 000 gigawatts of firm power and up to 24 000 gigawatt hours of combined firm and interruptible energy per year for a period of 10 years.

6. *Duke Energy Marketing Canada Ltd. (Duke) - Amend Electricity Export Permits (File 6200-D064-1-1)*

On 13 May, Duke applied to amend electricity export permits EPE-135 and EPE-136. These permits authorize Duke to export electricity over international power lines in British Columbia, Manitoba and Ontario. Duke is requesting to amend the permits to allow for exports from international power lines in New Brunswick also.

7. *Emera Energy Inc. (Emera) - Electricity Export (File 6200-E115-1)*

On 23 May, Emera applied for permits to export up to 1 000 megawatts of firm or interruptible power and up to 4 800 gigawatt hours of firm or interruptible energy per year for a period of 10 years.

8. *EPCOR Merchant and Capital Inc. (EPCOR) - Electricity Export (File 6200-E091-2)*

On 28 March, EPCOR applied for permits to export up to 4 000 gigawatt hours of interruptible energy and 1 200 megawatts and 3 000 gigawatt hours of

short-term firm power and energy annually for a period of 10 years.

On 26 April and 21 May, the Board sent letters to EPCOR requesting additional information.

9. Exelon Generation Company, LLC. (Exelon) - Electricity Export (File 6200-E114-1)

On 26 April, Exelon applied for permits to export up to 500 megawatts of firm and interruptible power and 5 000 gigawatt hours of firm energy and 1 000 gigawatt hours of interruptible energy annually for a period of 15 years.

On 29 May, the Board sent a letter to Exelon requesting additional information.

10. Hudson Energy Company (Hudson) - Nova Scotia to New York Power Project - (File 2200-H044-1)

On 30 May, Hudson informed the Board that it has suspended the Nova Scotia to New York Power Project.

11. Hydro One Delivery Services, Inc. (Hydro One) - Lake Erie Link (File 2200-H026-1)

On 24 April, Hydro One and its affiliates in partnership with TransEnergie U.S. Ltd. filed with the Board two documents entitled *Project Description of the Lake Erie Link under the Canadian Environmental Assessment Act* and *Environmental Assessment Scoping Development* as a preliminary submission with respect to the construction of the proposed Lake Erie Link international power line. The Environmental Assessment Scoping Development document initiates early co-ordination and scoping for the federal environmental assessment process in advance of a formal application.

The proposed Lake Erie Link is an international power line between Canada and the United States under Lake Erie that would commence near Nanticoke, Ontario and run to Erie, Pennsylvania and/or Ashtabula, Ohio. The system would consist of one, two or three 150 kilovolt buried submarine cables, two converter stations and underground land cables to existing substations at or near the shore. The project would provide up to 970 megawatts of capacity.

A converter station would be constructed near Nanticoke which would occupy approximately 10 acres of land. The site of the station would be in an industrial zone in or close to the existing Nanticoke Thermal Generating Station. The cables would cross the eastern basin of Lake Erie to

either Erie-West or Ashtabula. The length of the cables would be 115 kilometres (71 miles) to Erie-West or 150 kilometres (93 miles) to Ashtabula. The length of the Canadian portion of cable would be 40 - 60 per cent of the total length based on the route selected.

12. Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)

On 1 May 2001, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours of firm and interruptible energy annually for a period of 20 years.

On 22 June 2001, the Board sent a letter to Morgan requesting additional information.

13. Split Rock Energy LLC (Split Rock) - Electricity Export (File 6200-S093-1)

On 8 May, Split Rock applied for permits to export up to 600 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

Pipeline Matters

Matter Completed

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)

For more information on this matter, refer to item 10 under *Pipeline Matters* of the December 2001 *Regulatory Agenda*.

3. TransCanada PipeLines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)

On 20 December, TCPL applied for approval to construct approximately 24.4 kilometres (15 miles) of 1 219 millimetre (48 inch) pipeline on its B.C. System and for modifications to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The

estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

On 18 February, 12 March, 26 April and 10 May, the Board sent letters to TCPL requesting additional information.

Traffic, Tolls And Tariff Matters

Matters Completed

1. *TransCanada PipeLines Limited (TCPL) - Second Amending Agreement to the Mainline Service and Pricing Settlement (4775-T001-15-1)*

On 23 May, the Board approved an application dated 12 April from TCPL for approval of the Second Amending Agreement to the Mainline Service and Pricing Settlement. The Board sought comments of interested parties on the application.

2. *Westcoast Energy Inc. (WEI) - 2002 and 2003 Tolls (File 4200-W005-14)*

On 23 May, the Board approved an application from WEI for final tolls effective 1 January 2002 for mainline transmission services on Zones 3 and 4 for 2002 and for approval of a methodology of

establishing similar tolls for 2003. The tolls were based on a settlement dated 17 January negotiated with a large proportion of shippers, producers and end-users. The Board sought comments of interested parties on the application.

Frontier Matters

1. *Aurora College, Inuvik* was given approval on 27 May for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for Aurora Training Well Inuvik G-04.
2. *Geological, geophysical or geotechnical operation*: Five applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Burlington Resources Canada Energy Ltd.	Mackenzie Delta	9340-B063-001E	1 May
BP Canada Energy Company	Mackenzie Delta	9340-B064-001E	1 May
Petro-Canada Inc.	Mackenzie Delta	9340-P028-001E	1 May
CANNAT Resources Inc.	Lancaster Sound	9727-C138-001E	8 May
Devon ARL Corporation	Mackenzie Valley	9227-D030-001E	10 May

Appeal and Review

Appeal Pending

1. *Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)*

For more information on this matter, refer to item 1 under the heading Appeals of the 31 August 2000 issue of the *Regulatory Agenda*.

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October 2000, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980,

11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the National Energy Board Rules of Practice and Procedure, 1995, including notification to potentially interested persons.

Amendments to Regulations, Rules and Guidelines

1. *Guidance Notes for the Onshore Pipeline Regulations*

The Board has sought comments from the public on proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations, 1999*.

The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations, 1999*. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the *Onshore Pipeline Regulations, 1999*.

2. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

3. *Processing Plant Regulations (the Regulations) (File 185-A000-13)*

The Board is proposing new goal-oriented Processing Plant Regulations to complement the *Onshore Pipeline Regulations, 1999*. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations, 1999*.

The draft regulations have been examined by the Department of Justice under the *Statutory Instruments Act* and will be published in the *Canada Gazette, Part I* in the near future.

4. *Canada Oil and Gas Diving Regulations (Diving*

Regulations) and Guidance Notes (File 2001-1)

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)*

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the Guidelines and this draft now is being released for public comment. Following this comment period the draft will be revised as necessary and submitted to the three Boards for their consideration.

7. *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (File 4600-A000-3)*

On 30 January, the Board released a discussion paper and *Draft Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* for public comment.

The Board's existing *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, as amended August 1994, require that an application supported by a negotiated settlement be based on unanimous or unopposed support of the parties to the negotiation. They do not contain any guidance as to how the Board may deal with contested settlements. The draft revised guidelines identifies

steps the Board could take to deal with contested settlements in the future.

8. Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining

to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipeline Ltd.	File: 3400-A159-8 Order: XG-A159-18-2002	Application dated 20 March; approved on 2 May. Relocate Meter Station AB46 (West Whitecourt).	400 000
ExxonMobil Canada Ltd.	File: 3400-E039-2 Order: XE039-23-2002	Application dated 12 April; approved on 24 May. Install permanent mono ethylene glycol storage facilities at the Goldboro Gas Plant at Goldboro, Nova Scotia.	2 100 000
TransCanada PipeLines Limited	File: 3400-T001-195 Order: XG-T001-24-2002	Application dated 3 May; approved on 29 May. Replace and lower approximately 150 metres of pipe in Burlington, Ontario.	1 467 000
Westcoast Energy Inc.	File: 3400-W005-290	Application dated 21 February. Install four kilometres of pipeline loop on the Fort Nelson Mainline.	8 040 000
	File: 3400-W005-292 Order: XG-W005-19-2002	Application dated 27 March; approved on 2 May. Construct three soil containment cells at the Taylor Complex.	400 000
	File: 3400-W005-292 Order: XG-W005-20-2002	Application dated 12 March; approved on 2 May. Replace the Hasler emergency horns and add an office building in the Chetwynd pipeline yard.	800 000
	File: 3400-W005-278 Order: XG-W005-21-2002	Application dated 28 September 2001; approved on 6 May. Upgrade compressor stations CS-6A and CS-7 on the Southern Mainline.	87 948 000
	File: 3400-W005-286 Order: XG-W005-22-2002	Application dated 30 January; approved on 13 May. Fort Nelson Plant Redesign.	20 000 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of June 2002

Public Hearing Applications

Hearing Decisions Rendered

1. *Cedars Rapids Transmission Co. (Cedars Rapids) - Reconstruction of an International Power Line (IPL) - EH-1-2002 (File 2200-C019-1)*

On 6 June, the Board has approved an application by Cedars Rapids to reconstruct an IPL from Les Cèdres, Quebec to Cornwall, Ontario.

The Board granted approval to Cedars Rapids to replace 71 kilometres (44 miles) of an existing 72.8 kilometre (45 mile) IPL from Les Cèdres generating station in Quebec to a connecting point located in Cornwall. The last 1.8 kilometres of the IPL from Cornwall to the U.S. border was previously rebuilt.

Cedars Rapids proposes to dismantle the existing IPL once the reconstructed IPL is in service. The Board also approved Cedars Rapids' request to reconstruct the IPL at 230 kilovolts and to operate the line at 120 kilovolts.

Cedars Rapids proposes to reconstruct the IPL during the latter part of 2003 with a proposed in-service date of December 2003 and to

dismantle the existing IPL during the winter of 2003/2004. The estimated cost of the project is \$40 million.

The Board considered the application at a public hearing held at Dorval, Quebec on 26 and 27 March 2002.

2. *TransCanada PipeLines Limited (TCPL) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

On 21 June, the Board issued its Reasons for Decision concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the TCPL mainline natural gas transmission system (Mainline) tolls for the years 2001 and 2002.

TCPL had applied for the determination of a fair return for the Mainline for the years 2001 and 2002. TCPL sought approval of an After-Tax Weighted-Average Cost of Capital (ATWACC) of 7.5 per cent, adjusted in each of 2001 and 2002 for the difference between the market cost of debt and the embedded cost of debt of the company. In the event the Board declined to

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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adopt the proposed ATWACC methodology, TCPL sought approval of a rate of return on common equity of 12.5 per cent on a deemed common equity component of 40 per cent.

The Board last considered the cost of capital of the Mainline in the Multi-Pipeline Cost of Capital hearing held in 1994/1995 (RH-2-94). In that proceeding, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for the Mainline. The Board also ruled that the allowed rates of return on common equity for pipelines subject to the RH-2-94 Decision would subsequently (post 1995) be adjusted annually, based on the formula developed in RH-2-94. For 2001 and 2002, the RH-2-94 Formula resulted in rates of return on common equity of 9.61 per cent and 9.53 per cent, respectively.

The key elements of the Board's decision are:

- The Board declined to adopt the ATWACC methodology proposed by TCPL.
- The Board concluded that the results generated by the RH-2-94 Formula continue to be appropriate for the Mainline. The Board therefore approved a rate of return on common equity for the Mainline of 9.61 per cent for 2001 and 9.53 per cent for 2002.
- The Board concluded that the level of business risk facing the Mainline has increased since 1994 and decided that it would be appropriate to increase the Mainline's deemed common equity ratio from 30 per cent to 33 per cent, effective 1 January 2001. This increase will raise the Mainline's 2001 and 2002 annual cost of service and tolls by approximately two per cent.

The Board considered the application at a public hearing held from 27 February to 4 April 2002 in Calgary, Alberta.

Hearing Decision Pending

1. ***Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral - GH-2-2002 (File 3200-W005-11)***

The Board held a public hearing from 25 to 27 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission

System and to construct the Weejay Lateral in British Columbia and Alberta.

Hearings Scheduled

1. ***Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)***

The Board will hold a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing will commence on 8 July in Abbotsford, British Columbia and Phase 2 will commence on 30 September in Chilliwack, British Columbia and will continue in Williams Lake, British Columbia on 3 October and will then reconvene in Chilliwack on 7 October.

Phase 1 of the hearing will deal with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with, design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

2. ***Province of New Brunswick - Short-term Orders to Export Natural Gas - MH-2-2002 (7500-M093-3)***

The Board will hold a public hearing commencing 15 July in Fredericton, New Brunswick on an application from the Province of New Brunswick requesting that the Board hold a public hearing to examine the rules for natural gas exports. New Brunswick proposes that the Board establish rules that would apply when the Board considers applications for short-term export orders for incremental supplies of Scotian offshore natural gas if those supplies cannot meet both domestic and export requests for service.

3. ***Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)***

The Board will hold a public hearing commencing on 16 September in Halifax, Nova Scotia on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick. M&NP proposes to construct one custody transfer meter station and four compressor stations on its mainline.

M&NP stated that these facilities are required to provide transmission service to EnCana Corporation of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005. The estimated cost of the facilities is \$190.8 million.

4. Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)

At the request of SE2, on 19 February 2001 the Board adjourned the public hearing relating to the SE2's request for approval to construct an 8.5 kilometre IPL. On 19 February 2001 the Board was to hear argument on a motion on whether the Board should consider the environmental effects in Canada of the proposed power plant to be located in Sumas, Washington (Environmental Effects Motion).

On 21 June, the Board decided that, as 16 months have elapsed since the hearing was adjourned, the interests of parties and matters pertaining to this application may have changed. Therefore, prior to reconvening the public hearing, the Board has decided to seek comments from all parties on the manner in which the Board should proceed in continuing its consideration of this application including:

1. allowing new evidence on SE2's Environmental Effects Motion
2. allowing new evidence on the application (other than evidence resulting from any decision the Board may make on the Environmental Effects Motion)
3. the timing of the hearing on the Environmental Effects Motion and the hearing on the application
4. proposed draft schedule as follows:
 - i) Additional Affidavits, List of Authorities (Environmental Effects Motion) due 13 August;
 - ii) SE2's Reply Evidence on the Environmental Effects Motion due 19 August;
 - iii) Hearing on Sumas Environmental Effects Motion commences in Abbotsford, British Columbia on 5 September.

SE2's comments on the above matters are due by 9 July and intervenors' comments are due by 23 July. SE2's reply, if any, to intervenors' comments is due by 30 July.

SE2 applied to construct a 230 kilovolt power line originating in the United States and crossing the international boundary near Abbotsford. The proposed power line would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights-of-way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearing Applications Filed

1. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. EnCana Corporation (EnCana), formerly PanCanadian Energy Corporation - Natural Gas Pipeline (File 3200-P022-1)

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings*

Postponed in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Exelon Generation Company, LLC. (Exelon) - Electricity Export (File-6200-E114-1)*

On 19 June, the Board approved an application dated 26 April from Exelon for permits to export up to 500 megawatts of firm power and 4 380 gigawatt hours of firm energy and 1 000 gigawatt hours of interruptible energy annually for a period of 15 years.

2. *EPCOR Merchant and Capital Inc. (EPCOR) - Electricity Export (File 6200-E091-2)*

On 19 June, the Board approved an application dated 28 March from EPCOR for permits to export up to 1 200 gigawatt hours of interruptible energy and up to 200 and 1 200 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

Matters Under Consideration

3. *Consumers Energy Company (Consumers) - Electricity Export (File 6200-C209-1)*

On 24 May, Consumers applied for permits to export up to 16 000 gigawatts of firm power and up to 24 000 gigawatt hours of combined firm and interruptible energy per year for a period of 10 years.

On 12 June, the Board sent a letter to Consumers requesting additional information.

4. *Duke Energy Marketing Canada Ltd. (Duke) - Amend Electricity Export Permits (File 6200-D064-1-1)*

On 13 May, Duke applied to amend electricity export permits EPE-135 and EPE-136. These permits authorize Duke to export electricity over international power lines in British Columbia, Manitoba and Ontario. Duke is requesting to amend the permits to allow for exports from international power lines in New Brunswick also.

5. *Emera Energy Inc. (Emera) - Electricity Export (File 6200-E115-1)*

On 23 May, Emera applied for permits to export up to 1 000 megawatts of firm or interruptible power and up to 4 800 gigawatt hours of firm or interruptible energy per year for a period of 10 years.

On 7 June, the Board sent a letter to Emera requesting additional information.

6. *Hydro One Delivery Services, Inc. (Hydro One) - Lake Erie Link (File 2200-H026-1)*

On 24 April, Hydro One and its affiliates in partnership with TransEnergie U.S. Ltd. filed with the Board two documents entitled *Project Description of the Lake Erie Link under the Canadian Environmental Assessment Act* and *Environmental Assessment Scoping Development* as a preliminary submission with respect to the construction of the proposed Lake Erie Link international power line. The Environmental Assessment Scoping Development document initiates early co-ordination and scoping for the federal

environmental assessment process in advance of a formal application.

The proposed Lake Erie Link is an international power line between Canada and the United States under Lake Erie that would commence near Nanticoke, Ontario and run to Erie, Pennsylvania and/or Ashtabula, Ohio. The system would consist of one, two or three 150 kilovolt buried submarine cables, two converter stations and underground land cables to existing substations at or near the shore. The project would provide up to 970 megawatts of capacity. A converter station would be constructed near Nanticoke in an industrial zone in or close to the existing Nanticoke Thermal Generating Station. The cables would cross the eastern basin of Lake Erie to either Erie-West or Ashtabula. The length of the cables would be 115 kilometres (71 miles) to Erie-West or 150 kilometres (93 miles) to Ashtabula. The length of the Canadian portion of cable would be 40 - 60 per cent of the total length based on the route selected.

7. Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)

On 1 May 2001, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours of firm and interruptible energy annually for a period of 20 years.

On 22 June 2001, the Board sent a letter to Morgan requesting additional information.

8. Split Rock Energy LLC (Split Rock) - Electricity Export (File 6200-S093-1)

On 8 May, Split Rock applied for permits to export up to 600 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 11 June, the Board sent a letter to Split Rock requesting additional information.

Pipeline Matters

Matters Completed

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

2. Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)

On 20 June, the Board approved an application dated 25 July 2000 from Pouce Coupe for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

3. TransCanada PipeLines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)

On 13 June, the Board approved an application dated 20 December from TCPL for approval to construct approximately 24.4 kilometres (15 miles) of 1 219 millimetre (48 inch) pipeline on its B.C. System and for modifications to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

Matter Under Consideration

4. Alliance Pipeline Ltd. (Alliance) - Kaybob North Lateral Project (File 3400-A159-9)

On 7 June, Alliance applied for approval to construct approximately a 26.4 kilometre (16.4 mile), 610 millimetre (24 inch), natural gas lateral in west-central Alberta from Alliance's AB45 Meter Station in NW 10-59-18 W5M to a point of interconnection with the Alliance Mainline in NE 26-61-18-W5M. The lateral will have an initial

capacity of 8.5 million cubic metres (300 million cubic feet) per day. The estimated cost of the project is \$21.2 million and the proposed in-service date is 1 January 2003.

Traffic, Tolls And Tariff Matters

Matter Completed

1. *TransCanada PipeLines Limited (TCPL) - Reports of the 2002 Tolls Task Force (4775-T001-1/02-04)*

The Board has approved the following resolution of the 2002 Toll Task Force:

Resolution No.	Date approved	Subject
05.2002	12 June	Name change of Centra Gas Ontario to Union Gas Limited

Frontier Matter

1. *Geological, geophysical or geotechnical operation:* One application, which was not listed in the May issue of the Reg Agenda, was approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*. No approvals were given during June.

Company	Area	Operation ID	Date
Conoco Canada Resources Limited	Richardson Mountains	9237-C145-001E	30 May

Reviews

Review Completed

1. *Trans Mountain Pipe Line company Ltd. (TMPL) - Review Order TO-1-2001 (File 4200-T004-8-1)*

On 31 May, the Board dismissed an application from TMPL for review and variance of Order TO-1-2001 by which the Board approved TMPL's Incentive Toll Settlement for 2001 to 2005. By way of the review, TMPL sought to have the Order varied in respect of surveillance reporting requirement.

In its application, TMPL indicated that the application was filed on the basis of the company's understanding that the Board expects TMPL to immediately comply with the revised surveillance reporting requirements of Part XI of the Guidelines for Filing Requirements as issued by the Board on 6 December 2001. Condition 6 of Order TO-1-2001 provides as follows:

"TMPL is relieved from all reporting and filing requirements pursuant to Order TO-3-92 and the Memorandum of Guidance dated 16 February, related to quarterly surveillance reports pending the outcome of the Board's examination of appropriate filing requirements for pipeline[s] operating under an incentive toll settlement."

The Board noted that the TMPL review application is premised on the understanding referred to above; specifically, that the Board presently expects TMPL to immediately comply with the revised Part XI surveillance reporting requirements. The Board, however, has made no such decision or interpretation of condition 6 of Order TO-1-2001. Accordingly, the Board determined that the application has not raised a doubt as to the correctness of the Order and dismissed the application.

Review Pending

2. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October 2000, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir.

This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir.

RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility.

RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure, 1995*, including notification to potentially interested persons.

Amendments to Regulations, Rules and Guidelines

1. *Guidance Notes for the Onshore Pipeline Regulations*

The Board has sought comments from the public on proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations, 1999*.

The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations, 1999*. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the *Onshore Pipeline Regulations, 1999*.

2. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

On 30 May, the Board released a document entitled *A Conceptual Draft of the Proposed National Energy Board Damage Prevention Regulations & Guidance Notes*. The document contains the framework, concepts and ideas that will eventually form the new regulations. The Board also released the results of a national survey of Canadians who own land crossed by a federally- regulated pipeline.

This survey was conducted for the Board by COMPAS between January 17 and February 02, 2002 and will be used in the development of the new regulations.

The Board intends to meet with stakeholders over the next six months. Planning is underway for "town hall" style meetings at numerous locations across Canada. Details of these meetings will be announced as they become available.

The conceptual draft of the proposed regulations and the COMPAS survey are available on the Board's web site at http://www.neb-one.gc.ca/safety/damgprev/index_e.htm.

3. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)*

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the Guidelines which was released for public comment in February.

6. Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (File 4600-A000-3)

On 12 June, the Board issued its *Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*.

On 30 January, the Board had released a discussion paper and *Draft Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* for public comment.

The Board's August 1994 *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* required that

an application supported by a negotiated settlement be based on unanimous or unopposed support of the parties to the negotiation. They did not contain any guidance as to how the Board may deal with contested settlements. The draft revised guidelines identifies steps the Board will take to deal with contested settlements.

7. Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Consumers' Gas (Canada) Ltd.	Files: 3400-C283-17; 3400-C283-18 and 3400-C283-19 Order: XG-C283-25-2002	Three application dated 2 May; approved on 10 June. Construct interconnections with Enbridge Consumer Gas in Brampton, Ontario.	180 000
Foothills Pipe Lines Ltd.	File: 3400-F006-39 Order: XG-F006-28-2002	Application dated 20 December; approved on 17 June. Install two hot taps and crossover valves to interconnect with TransCanada PipeLines BC System's Westpath Expansion.	450 000
TransCanada PipeLines Limited	File: 3400-T001-196 Order: XG-T001-26-2002	Application dated 16 May; approved on 11 June. Install a permanent launcher at the Sabrevois Meter Station in Quebec.	455 000
	File: 3400-T001-200 Order: XG-T001-29-2002	Application dated 11 June; approved on 19 June. Install two sales taps near Kenora, Ontario.	196 000
	File: 3400-T001-197 Order: XG-T001-31-2002	Application dated 24 May; approved on 26 June. Conduct environmental sampling at seven stations.	626 000
	File: 3400-T001-198 Order: XG-T001-32-2002	Application dated 24 May; approved on 27 June. Conduct contaminant sampling and delineation program.	980 000
TransCanada PipeLines Limited, B.C. System	File: 3400-T054-3 Order: XG-T054-27-2002	Application dated 20 December; approved on 13 June. Westpath Facilities Application.	48 300 000
Westcoast Energy Inc.	File: 3400-W005-287 Order: XG-W005-30-2002	Application dated 31 January; approved on 24 June. Ground be replacements on Fort St. John Field Services and casing upgrades on the Alaska Highway pipeline.	90 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of July 2002

Public Hearing Applications

Hearing Decisions Pending

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and Construct the the Weejay Lateral - GH-2-2002 (File 3200-W005-11)*

The Board held a public hearing from 25 to 27 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

2. *Province of New Brunswick - Short-term Orders to Export Natural Gas - MH-2-2002 (7500-M093-3)*

The Board held a public hearing from 15 to 30 July in Fredericton, New Brunswick on an application from the Province of New Brunswick requesting that the Board hold a public hearing to examine the rules for natural gas exports.

Hearing in Progress

1. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)*

The Board will hold a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing was held on 8 and 9 July in Abbotsford, British Columbia. Phase 2 of the hearing will commence on 30 September in Chilliwack, British Columbia and will continue in Williams Lake, British Columbia on 3 October and will then reconvene in Chilliwack on 7 October.

Phase 1 of the hearing dealt with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with, design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Hearings Scheduled

1. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)*

The Board will hold a public hearing commencing on 30 September in Saint John, New Brunswick on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick. M&NP proposes to construct one custody transfer meter station and four compressor stations on its mainline.

M&NP stated that these facilities are required to provide transmission service to EnCana Corporation of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005. The estimated cost of the facilities is \$190.8 million.

2. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

At the request of SE2, on 19 February 2001 the Board adjourned the public hearing relating to the SE2's request for approval to construct an 8.5 kilometre (5.3 miles) IPL. On 19 February 2001 the Board was to hear argument on a motion on whether the Board should consider the environmental effects in Canada of the proposed power plant to be located in Sumas, Washington.

On 21 June, the Board decided that, as 16 months have elapsed since the hearing was adjourned, the interests of parties and matters pertaining to this application may have changed. Therefore, prior to reconvening the public hearing, the Board has decided to seek comments from all parties on the manner in which the Board should proceed in continuing its consideration of this application.

SE2 applied to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights-of-way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearing Applications Filed

1. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)*

On 31 May 2001, NB Power applied to construct

and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. *EnCana Corporation (EnCana), formerly PanCanadian Energy Corporation - Natural Gas Pipeline (File 3200-P022-1)*

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Duke Energy Marketing Canada Ltd. (Duke Energy) - Amend Electricity Export Permits (File 6200-D064-1-1)*

On 26 July, the Board approved an application dated 13 May from Duke Energy to amend electricity export permits EPE-135 and EPE-136. These permits authorize Duke Energy to export electricity over international power lines in British Columbia, Manitoba and Ontario. Duke Energy is also requesting to amend the permits to allow for exports from international power lines in New Brunswick.

2. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 12 July, the Board approved an application dated 1 May 2001 from Morgan for permits to export up to 779 gigawatt hours of interruptible energy and up to 1 557 gigawatt hours of firm energy annually for a period of 10 years.

Matters Under Consideration

3. *Advantage Energy Inc. (Advantage) - Electricity Export (File 6200-A101-1)*

On 15 July, Advantage applied for permits to export up to 20 000 megawatts of firm power and up to 20 000 megawatts of combined firm and interruptible power per year for a period of 10 years.

4. *Consumers Energy Company (Consumers) - Electricity Export (File 6200-C209-1)*

On 24 May, Consumers applied for permits to export up to 16 000 gigawatts of firm power and up to 24 000 gigawatt hours of combined firm and interruptible energy per year for a period of 10 years.

On 12 June, the Board sent a letter to Consumers requesting additional information.

5. *Emera Energy Inc. (Emera) - Electricity Export (File 6200-E115-1)*

On 23 May, Emera applied for permits to export up to 1 000 megawatts of firm or interruptible power and up to 4 800 gigawatt hours of firm or interruptible energy per year for a period of 10 years.

On 7 June, the Board sent a letter to Emera requesting additional information.

6. *Hydro One Delivery Services, Inc. (HODS) - Lake Erie Link (File 2200-H026-1)*

On 26 July, the Board invited public comments on the scope of the environmental assessment on a proposal by HODS to construct and operate an international power line between Canada and the United States across Lake Erie. Written comments are to be filed by 13 September.

The proposed Lake Erie Link would consist of: i) one, two or three pairs of 150 kilovolt buried submarine electricity cables and fibre optic cables from near the Nanticoke Thermal Generating Station near Simcoe, Ontario to two possible destinations in Ohio and/or Pennsylvania in the United States; ii) an onshore converter station; and, iii) approximately 3.5 kilometres (two miles) of onshore power line. The length of power line within Canada would be approximately 60 kilometres (37 miles), depending on the route chosen.

In April, HODS filed a preliminary information package with the Board regarding the Canadian portion of the proposed Lake Erie Link which initiated early co-ordination and scoping for the federal environmental assessment process under the *Canadian Environmental Assessment Act* (CEAA) in advance of a formal application.

7. *Split Rock Energy LLC (Split Rock) - Electricity Export (File 6200-S093-1)*

On 8 May, Split Rock applied for permits to export up to 600 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 11 June, the Board sent a letter to Split Rock requesting additional information.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *Alliance Pipeline Ltd. (Alliance) - Kaybob North Lateral Project (File 3400-A159-9)*

On 7 June, Alliance applied for approval to construct approximately a 26.4 kilometre (16.4 mile), 610 millimetre (24 inch), natural gas lateral in west-central Alberta from Alliance's AB45 Meter Station in NW 10-59-18 W5M to a point of interconnection with the Alliance Mainline in NE 26-61-18-W5M. The lateral will have an initial capacity of 8.5 million cubic metres (300 million cubic feet) per day. The estimated cost of the project is \$21.2 million and the proposed in-service date is 1 January 2003.

On 5 July, the Board sent a letter to Alliance requesting additional information.

Traffic, Tolls And Tariff Matters

Matters Completed

1. *TransCanada PipeLines Limited (TCPL) - Final 2001 Tolls (File 4200-T001-15)*

On 18 July, the Board approved an application dated 25 June from TCPL for final tolls for 2001 reflecting the Board's decision regarding TCPL's Fair Return Application issued on 21 June (RH-4-2001).

2. *TransCanada PipeLines Limited (TCPL) - Reports of the 2002 Tolls Task Force (4775-T001-1/02-05)*

The Board has approved the following resolution of the 2002 Toll Task Force:

Resolution No.	Date approved	Subject
07.2002	25 July	Tolling Amendment for Multiple Handshake/Pooling Service

3. *Trans Mountain Pipe Line Company Ltd. (TMPL) - Final Tolls for 2002 (File 4200-T004-10)*

On 31 July, the Board approved an application dated 21 June for approval of final tolls set forth in Tariff No. 48 for Petroleum and Final Tariff No. RP17 for Refined and Partially Refined Petroleum and MTBE effective 1 August 2002.

Matters Under Consideration

4. *TransCanada PipeLines Limited (TCPL) - Facilities Deactivation, Accounting Treatment (File 3400-T001-192)*

On 10 January, the Board convened a conference of interested parties to discuss issues surrounding TCPL's application to deactivate 36 compressors on its Mainline that had not been operated for more than 12 months. TCPL divided the compressor units into two categories. Twenty-two of the units (Category A) were to be retired immediately for accounting purposes and physically decommissioned over the next 3 to 4 years. The fourteen other compressors (Category B), pending further review by TCPL, will be either retired and physically decommissioned or held for possible reactivation. As a result of the conference, it was agreed that the Board would provide guidance on what an appropriate accounting treatment might be for those Category B compressors that TCPL plans to deactivate and hold for possible reactivation.

On 18 July, the Board issued a letter providing a proposal which represented the Board's initial views as to what an appropriate accounting treatment might be in this instance and that would be fair to both TCPL as well as its shippers. Comments from interested parties on the proposed accounting treatment are due by 9 August 2002 and TCPL has until 16 August to reply to any comments received.

5. *TransCanada PipeLines Limited (TCPL) - Final 2002 Tolls (File 4200-T001-17)*

On 19 July, TCPL applied for approval of final tolls for the year 2002. On 25 July, the Board decided to seek comments of interested parties on the application.

Frontier Matters

1. *BP Canada Energy Company* was given approval on 22 July, pursuant to section 59 of the *Canada Oil and Gas Production and Conservation Regulations*, to decommission and dismantle the Pointed Mountain Gas Processing facility in the N.W.T.
2. *Petro Canada* was given approval on 22 July, pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations*, to terminate the PC Devon Kugpik L-46 well.
3. *Paramount Resources Ltd.* was given approval on 30 July, pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations*, to terminate wells Para et al Cameron N-28 and Para et al Cameron B-08.

4. **Geological, geophysical or geotechnical operation:** Seven applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
EOG Resources Canada Inc.	Mackenzie Valley	9227-E035-001E	3 July
Devon ARL Corporation	Mackenzie Delta	9337-D030-001E	5 July (correction)
Devon ARL Corporation	Beaufort Sea	9424-D030-001E	5 July

Company	Area	Operation ID	Date
TGS-NOPEC Geophysical Company	Davis Strait	9724-T063-002P	11 July
Petrel Robertson Consulting Ltd.	Mackenzie Valley	9233-P062-001E	12 July
EXPLOR DATA Ltd.	Mackenzie Valley	9229-E034-008P	16 July
TGS-NOPEC Geophysical Company	Davis Strait	9724-T063-002P	17 July

Review

Review Pending

1. **Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)**

On 17 October 2000, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drownings have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the

Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure, 1995*, including notification to potentially interested persons.

Amendments to Regulations, Rules and Guidelines

1. *Guidance Notes for the Onshore Pipeline Regulations*

The Board has sought comments from the public on proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations*, 1999.

The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations*, 1999. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the *Onshore Pipeline Regulations*, 1999.

2. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

On 30 May, the Board released a document entitled *A Conceptual Draft of the Proposed National Energy Board Damage Prevention Regulations & Guidance Notes*. The document contains the framework, concepts and ideas that will eventually form the new regulations. The Board also released the results of a national survey of Canadians who own land crossed by a federally-regulated pipeline. This survey was conducted for the Board by COMPAS between January 17 and February 02, 2002 and will be used in the development of the new regulations.

The Board intends to meet with stakeholders over the next six months. Planning is underway for "town hall" style meetings at numerous locations across Canada. Details of these meetings will be announced as they become available.

The conceptual draft of the proposed regulations and the COMPAS survey are available on the Board's web site at http://www.neb-one.gc.ca/safety/damgprev/index_e.htm.

3. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)*

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the Guidelines which was released for public comment in February.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada PipeLines Limited	File: 3400-T001-192-2 Order: MO-6-2002	Application dated 9 July; approved on 18 July. Modify its Plant 13B compression facilities near Caron, Saskatchewan.	175 000
Westcoast Energy Inc.	File: 3400-W005-293 Order: XG-W005-33-2002	Application dated 21 June; approved on 15 July. Re-establish depth of cover on the mainline south of Compressor Station 9.	100 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines (Westspur) Inc.	File: 3400-E103-13 Order: XO-E103-11-2002	Application dated 30 May; approved on 2 July. Upgrade its SCADA and business systems communications.	350 000
Enbridge Pipelines Inc.	File: 3400-E101-46 Order: XO-E101-12-2002	Application dated 30 May; approved on 12 July. Deactivate 28.6 kilometres of Line 1.	Not available
	File: 3400-X101-13-2002 Order: XO-101-13-2002	Application dated 17 May; approved on 30 July. Install pump vent flush lines.	800 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Ce document est publié séparément dans les deux langues officielles. Pour de plus amples renseignements :

Équipe des communications
Office national de l'énergie
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Téléphone : (403) 292-4800
Télécopieur : (403) 292-5503



Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of August 2002

Public Hearing Applications

Hearing Decisions Pending

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and Construct the the Weejay Lateral - GH-2-2002 (File 3200-W005-11)*

The Board held a public hearing from 25 to 27 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

2. *Province of New Brunswick - Short-term Orders to Export Natural Gas - MH-2-2002 (7500-M093-3)*

The Board held a public hearing from 15 to 30 July in Fredericton, New Brunswick on an application from the Province of New Brunswick requesting that the Board hold a public hearing to examine the rules for natural gas exports.

Hearing in Progress

1. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)*

The Board is holding a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing was held on 8 and 9 July in Abbotsford, British Columbia. Phase 2 of the hearing will commence on 30 September in Chilliwack, British Columbia and will continue in Williams Lake, British Columbia on 3 October and will then reconvene in Chilliwack on 7 October.

Phase 1 of the hearing dealt with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with, design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

Hearings Scheduled

1. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)*

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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OCT 22 2002

The Board will hold a public hearing commencing on 30 September in Saint John, New Brunswick on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick. M&NP proposes to construct one custody transfer meter station and four compressor stations on its mainline.

M&NP stated that these facilities are required to provide transmission service to EnCana Corporation of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005. The estimated cost of the facilities is \$190.8 million.

2. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board will hold a public hearing commencing on 18 October in Abbotsford, British Columbia to consider three motions concerning the application of SE2 to construct an international power line near Abbotsford.

The motions seek:

1. A determination of whether the Board should hear evidence concerning the environmental effects in Canada of SE2's proposed power plant to be located in Sumas, Washington.
2. A discontinuance of the NEB hearing of the SE2 application on the basis that it is the unanimous opinion of all Canadians so involved in the process that the SE2 application to proceed within the jurisdiction of Canada not be approved.
3.
 - a) a review by the NEB of the SE2 application for potential prejudice, at this time of proceeding, arising from the absence of full detail of an alleged verbal agreement between SE2 & Canadian Pacific Railway for use of C.P.R. right of way in Canada;
 - b) a review by the NEB of the SE2 application for any fundamental deficiency in the application arising from absence of full detail of an alleged verbal agreement between SE2 & Canadian Pacific Railway.

The hearing on the SE2 application to construct an international power line will not proceed until the Board has ruled on these motions. A revised schedule will be released at that time.

At the request of SE2, on 19 February 2001 the Board adjourned the public hearing relating to the SE2's request for approval to construct an 8.5 kilometre IPL.

On 19 February 2001 the Board was to hear argument on a motion on whether the Board should consider the environmental effects in Canada of the proposed power plant to be located in Sumas, Washington.

SE2 applied to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights-of-way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearing Applications Filed

1. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)*

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. *EnCana Corporation (EnCana) - Natural Gas Pipeline (File 3200-P022-1)*

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing

Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

2. Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1

October 1997.

3. Crowsnest Pipeline Project - Natural Gas Pipeline

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matter Completed

1. Split Rock Energy LLC (Split Rock) - Electricity Export (File 6200-S093-1)

On 31 July, the Board approved an application dated 8 May from Split Rock for permits to export up to 600 gigawatt hours of interruptible energy and 200 megawatts of firm power and 600 gigawatt hours of firm energy annually for a period of 10 years.

Matters Under Consideration

2. Advantage Energy Inc. (Advantage) - Electricity Export (File 6200-A101-1)

On 15 July, Advantage applied for permits to export up to 20 000 megawatts of firm power and up to 20 000 megawatts of combined firm and interruptible power per year for a period of 10 years.

On 9 August, the Board sent a letter to Advantage requesting additional information.

3. Consumers Energy Company (Consumers) - Electricity Export (File 6200-C209-1)

On 24 May, Consumers applied for permits to export up to 16 000 gigawatts of firm power and up to 24 000 gigawatt hours of combined firm and interruptible energy per year for a period of 10 years.

On 12 June, the Board sent a letter to Consumers requesting additional information.

4. Emera Energy Inc. (Emera) - Electricity Export (File 6200-E115-1)

On 23 May, Emera applied for permits to export up to 1 000 megawatts of firm or interruptible power and up to 4 800 gigawatt hours of firm or interruptible energy per year for a period of 10 years.

On 7 June, the Board sent a letter to Emera requesting additional information.

5. Hydro One Delivery Services, Inc. (HODS) - Lake Erie Link (File 2200-H026-1)

On 26 July, the Board invited public comments on the scope of the environmental assessment on a proposal by HODS to construct and operate an international power line between Canada and the United States across Lake Erie. Written comments are to be filed by 13 September.

The proposed Lake Erie Link would consist of an onshore converter station near the Hydro One Networks Inc.'s 230 kilovolt switch yard near Nanticoke, Ontario; one, two or three pairs of 150 kilovolt buried submarine electricity cables and fibre optic cables between the onshore converter site and the American Transmission Systems, Inc.'s transmission system in Ohio and/or the PJM Interconnection operated transmission system in Pennsylvania; and approximately 3.5 kilometres of onshore power line. The length of power line within Canada would be approximately 60 kilometres, depending on the route chosen.

In April, HODS filed a preliminary information package with the Board regarding the Canadian portion of the proposed Lake Erie Link which initiated early co-ordination and scoping for the federal environmental assessment process under the *Canadian Environmental Assessment Act* in advance of a formal application.

Pipeline Matters

Matters Completed

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. *Alliance Pipeline Ltd. (Alliance) - Kaybob North Lateral Project (File 3400-A159-9)*

On 7 June, Alliance applied for approval to construct approximately a 26.4 kilometre (16.4 mile), 610 millimetre (24 inch), natural gas lateral in west-central Alberta from Alliance's AB45 Meter Station in NW 10-59-18 W5M to a point of interconnection with the Alliance Mainline in NE 26-61-18-W5M. The lateral will have an initial capacity of 8.5 million cubic metres (300 million cubic feet) per day. The estimated cost of the project is \$21.2 million and the proposed in-service date is 1 January 2003.

On 5 July, 1 and 16 August, the Board sent letters to Alliance requesting additional information.

3. *Alliance Pipeline Ltd. (Alliance) - Wapiti Looping Lateral Project (File 3400-A159-10)*

On 21 June, Alliance applied for approval to construct approximately a 6.3 kilometre (3.8 mile), 610 millimetre (24 inch), natural gas loop approximately 35 kilometres (21.7 miles) southeast of Grande Prairie, Alberta. The Wapiti Lateral has consistently flowed at or near its capacity of 1.84 million cubic metre (65 million cubic feet) per day. The proposed pipeline looping will increase the total capacity to about 9.78 million cubic metres (345 million cubic feet) per day. The estimated cost of the project is \$7.3 million and the proposed in-service date is September 2002.

On 26 July and 8 August, the Board sent letters to Alliance requesting additional information.

Traffic, Tolls And Tariff Matters

Matter Completed

1. *TransCanada PipeLines Limited (TCPL) - Final 2002 Tolls (File 4200-T001-17)*

On 29 August, the Board approved an application dated 19 July from TCPL for approval of final tolls for the year 2002. The Board sought comments of interested parties on the application.

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Frontier Matters

1. *Imperial Oil Ltd* was given approval on 7 August to abandon the well Imperial Canol E-27X in accordance with the *Canada Oil and Gas Drilling Regulations*.
2. *Geological, geophysical or geotechnical operation*: two new applications for authorization were received in August. One application was approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Devon ARL Corporation	Mackenzie Delta	9327-D030-001E	9 August

Review

Review Pending

1. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

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2. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

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A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other government departments, industry and the public undertook a review of the existing Guidelines, last published in 1996. A draft of the revised Guidelines was released in February 2002 for public comment, and was further modified in consideration of comments that were received. The three Boards now have approved the final guidelines.

Detailed information on the conduct of the review is available on the C-NOPB Web site at <http://www.cnopb.nfnet.com>.

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the Canada Labour Code, Part II, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

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National Energy Board
Michel L. Mantha
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Souris Valley Pipeline Ltd.	File: 3400-S161-1 Order: XG-S161-1-2002	Application dated 11 July; approved on 1 August. Projects at the Goodwater Mainline Valve Facility.	52 000
TransCanada PipeLines Limited	File: 3400-T001-199 Order: XG-T001-36-2002	Application dated 24 May; approved on 2 August. Containment and Infrastructure Upgrade Program.	2 600 000
	File: 3400-T001-202 Order: XG-T001-39-2002	Application dated 24 July; approved on 9 August. Install the new Assiniboine River Sales Tap.	190 000
	File: 3400-T001-201 Order: XG-T001-44-2002	Application dated 17 June; approved on 29 August. Decommission three compressor station plants: Stations 17A, 105B and 105C.	2 723 000
Westcoast Energy Inc.	File: 3400-W005-295 Order: XG-W005-35-2002	Application dated 26 June; approved on 1 August. Install tie-in-facilities at Compressor Station CS-6A.	275 000
	File: 3400-W005-281 Order: XG-W005-37-2002	Application dated 14 December; approved on 8 August. East July Lake Pipeline Upgrade Project.	450 000
	File: 3400-W005-284 Order: XG-W005-38-2002	Application dated 14 December; approved on 8 August. Replace two ground bed, relocate a flare stack and install flare ignitors in the Fort Nelson Field Services Areas.	330 000
	File: 3400-W005-283 Order: XG-W005-40-2002	Application dated 21 December; approved on 13 August. Maxhamish Pipeline Modifications Project.	326 500
	File: 3400-W005-290 Order: XG-W005-42-2002	Application dated 21 February; approved on 22 August. Install four kilometres of pipeline loop on the Fort Nelson Mainline.	8 040 000
	File: 3400-W005-294 Order: XG-W005-43-2002	Application dated 24 June; approved on 29 August. Replace two ground beds and construct four storage buildings at compressor stations N2, N3, N4 and N5 along the Fort Nelson Mainline.	370 000

Appendix I

Section 58 Applications

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-58 Order: XO-E101-14-2002	Application dated 16 July; approved on 2 August. Construct a pipeline maintenance shop at Hardisty, Alberta.	1 190 000
	File: 3400-E101-47 Order: XO-E101-16002	Application dated 12 June; approved on 27 August. Relocate and lower 300 metres of products pipeline located in Scarborough, Ontario.	1 155 100
Trans Mountain Pipe Line Company Ltd.	File: 3400-T004-83 Order: XO-T004-41-2002	Application dated 18 June; approved on 13 August. Kamloops Station containment Project.	850 000
	File: 3400-T004-84 Order: XO-T004-17-2002	Application dated 25 June; approved on 29 August. Cutout and replace five sections of pipe within the boundaries of Jasper National Park.	325 000
Trans-Northern Pipeline Inc.	File: 3400-T002-52 Order: XO-T002-15-2002	Application dated 18 June; approved on 27 August. Relocated and lower 225 metres of products pipeline located in Scarborough, Ontario.	450 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of September 2002

Proposed Dispute Resolution Program

On 27 September, the Board issued for comment from interested parties a discussion paper outlining its proposed Appropriate Dispute Resolution (ADR) program. The document describes options for settling disputes as an addition to the Board's traditional regulatory process. The discussion paper was developed following consultation with industry and the public over the past several months.

The Board is welcoming the public's input, comments and questions on all aspects of the design of the program and the contents of the ADR document. Comments are due by 5 November 2002. The Board intends to introduce program guidelines by the end of this year.

The ADR document is available on the Board's Internet site at www.neb-one.gc.ca.

Public Hearing Applications

Hearing Decision Rendered

1. *Province of New Brunswick - Short-term Orders to Export Natural Gas - MH-2-2002 (7500-M093-3)*

On 19 September, the Board has denied an application from the Province of New Brunswick in which it requested that the Board establish rules which would apply when it considers applications for short-term export orders for incremental

supplies of Scotian offshore natural gas if those supplies cannot meet both domestic and export requests for service. The Board decided, however, that it must enhance its monitoring efforts of gas markets in Maritime Canada.

The Board held a public hearing on New Brunswick's application from 15 to 30 July in Fredericton, New Brunswick.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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DEC 2 2002

Hearing Decision Pending

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and Construct the the Weejay Lateral - GH-2-2002 (File 3200-W005-11)*

The Board held a public hearing from 25 to 27 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 20 September, the Board provided to the Minister of Environment Canada and the Canadian Environmental Assessment Agency (CEAA) the Comprehensive Study Report (CSR) as required under the *Canadian Environmental Assessment Act*. On 27 September, the CEAA invited the public to comment on the conclusions, recommendations, and any other aspect of the CSR. Comments are to be received by CEAA by 27 October.

Hearings in Progress

1. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)*

The Board is holding a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing was held on 8 and 9 July in Abbotsford, British Columbia. Phase 2 of the hearing commenced on 30 September in Chilliwack, British Columbia and will continue in Williams Lake, British Columbia on 3 October and will then reconvene in Chilliwack on 7 October.

Phase 1 of the hearing dealt with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing deals with, design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

2. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)*

The Board commenced a public hearing on 30 September in Saint John, New Brunswick on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick. M&NP proposes to construct one custody transfer meter station and four compressor stations on its mainline.

M&NP stated that these facilities are required to provide transmission service to EnCana Corporation of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005. The estimated cost of the facilities is \$190.8 million.

Hearing Scheduled

1. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board will hold a public hearing commencing on 18 October in Abbotsford, British Columbia to consider three motions concerning the application of SE2 to construct an international power line near Abbotsford.

The motions seek:

1. A determination of whether the Board should hear evidence concerning the environmental effects in Canada of SE2's proposed power plant to be located in Sumas, Washington.
2. A discontinuance of the NEB hearing of the SE2 application on the basis that it is the unanimous opinion of all Canadians so involved in the process that the SE2 application to proceed within the jurisdiction of Canada not be approved.
3. a) a review by the NEB of the SE2 application for potential prejudice, at this time of proceeding, arising from the absence of full detail of an alleged verbal agreement between SE2 and Canadian Pacific Railway for use of C.P.R. right of way in Canada;
b) a review by the NEB of the SE2 application for any fundamental deficiency in the application arising from absence of full detail of an alleged verbal agreement between SE2 and Canadian Pacific Railway.

The hearing on the SE2 application to construct an international power line will not proceed until the Board has ruled on these motions. A revised schedule will be released at that time.

At the request of SE2, on 19 February 2001 the Board adjourned the public hearing relating to the SE2's request for approval to construct an 8.5 kilometre IPL. On 19 February 2001 the Board was to hear argument on a motion on whether the Board should consider the environmental effects in

Canada of the proposed power plant to be located in Sumas, Washington.

SE2 applied to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights of way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearing Applications Filed

1. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)*

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. *EnCana Corporation (EnCana) - Natural Gas Pipeline (File 3200-P022-1)*

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of

approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

2. *Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearings Postponed* in issue No. 62 of the *Regulatory Agenda* dated 1 October 1997.

3. *Crowsnest Pipeline Project - Natural Gas Pipeline*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Application Suspended* of issue No. 63 of the *Regulatory Agenda* dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Advantage Energy Inc. (Advantage) - Electricity Export (File 6200-A101-1)*

On 11 September, the Board approved an application dated 15 July from Advantage for permits to export up to 100 megawatts and 600 gigawatt hours of firm power and energy and up to 150 megawatts and 900 gigawatt hours of interruptible power and energy per year for a period of 10 years.

2. *Consumers Energy Company (Consumers) - Electricity Export (File 6200-C209-1)*

On 20 September, the Board approved an application dated 24 May from Consumers for permits to export up to 3 000 megawatts and 24 000 gigawatt hours of interruptible power and energy and up to 2 000 megawatts and 16 000 gigawatt hours of interruptible power and energy per year for a period of 10 years.

3. *Emera Energy Inc. (Emera) - Electricity Export (File 6200-E115-1)*

On 20 September, the Board approved an application dated 23 May from Emera for permits to export up to 1 000 megawatts of firm or

interruptible power and up to 4 800 gigawatt hours of firm or interruptible energy per year for a period of 10 years.

Matters Under Consideration

4. *Hydro One Delivery Services, Inc. (HODS) - Lake Erie Link (File 2200-H026-1)*

On 26 July, the Board invited public comments on the scope of the environmental assessment on a proposal by HODS to construct and operate an international power line between Canada and the United States across Lake Erie.

The proposed Lake Erie Link would consist of an onshore converter station near the Hydro One Networks Inc.'s 230 kilovolt switch yard near Nanticoke, Ontario; one, two or three pairs of 150 kilovolt buried submarine electricity cables and fibre optic cables between the onshore converter site and the American Transmission Systems, Inc.'s transmission system in Ohio and/or the PJM Interconnection operated transmission system in Pennsylvania; and approximately 3.5 kilometres of onshore power line. The length of power line within Canada would be approximately 60 kilometres, depending on the route chosen.

In April, HODS filed a preliminary information package with the Board regarding the Canadian portion of the proposed Lake Erie Link which initiated early co-ordination and scoping for the federal environmental assessment process under the *Canadian Environmental Assessment Act* in advance of a formal application.

Pipeline Matters

Matters Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

2. *Alliance Pipeline Ltd. (Alliance) - Wapiti Looping Lateral Project (File 3400-A159-10)*

On 13 September, the Board approved an application dated 21 June from Alliance to construct approximately a 6.3 kilometre (3.8 mile), 610 millimetre (24 inch), natural gas loop approximately 35 kilometres (21.7 miles) southeast

of Grande Prairie, Alberta. The Wapiti Lateral has consistently flowed at or near its capacity of 1.84 million cubic metre (65 million cubic feet) per day. The pipeline looping will increase the total capacity to about 9.78 million cubic metres (345 million cubic feet) per day. The estimated cost of the project is \$7.3 million and the proposed in-service date is September 2002.

3. *Alliance Pipeline Ltd. (Alliance) - Kaybob North Lateral Project (File 3400-A159-9)*

On 19 September, the Board approved an application dated 7 June from Alliance to construct approximately a 26.4 kilometre (16.4 mile), 610 millimetre (24 inch), natural gas lateral in west-central Alberta from Alliance's AB45 Meter Station in NW 10-59-18 W5M to a point of interconnection with the Alliance Mainline in NE 26-61-18-W5M. The lateral will have an initial capacity of 8.5 million cubic metres (300 million cubic feet) per day. The estimated cost of the project is \$21.2 million and the proposed in-service date is 1 January 2003.

Traffic, Tolls And Tariff Matters

Matters Completed

1. *TransCanada Pipelines Limited (TCPL) - Facilities Deactivation, Accounting Treatment (File 3400-T001-192)*

On 29 August, the Board approved the accounting treatment for any Category B compressor units that TCPL intends to deactivate and hold for possible reuse. In addition, the Board decided that it would be prepared to approve any Category B units that TCPL decides to immediately retire as "ordinary" retirements in accordance with the *Gas Pipeline Uniform Accounting Regulations*.

On 10 January, the Board convened a conference of interested parties to discuss issues surrounding TCPL's application to deactivate 36 compressors on its Mainline that had not been operated for more than 12 months. TCPL divided the compressor units into two categories. Twenty-two of the units (Category A) were to be retired immediately for accounting purposes and physically decommissioned over the next 3 to 4 years. The fourteen other compressors (Category B), pending further review by TCPL, will be either retired and physically decommissioned or held for possible reactivation. As a result of the conference, it was agreed that the Board would provide guidance on what an appropriate accounting treatment might be for those

Category B compressors that TCPL plans to deactivate and hold for possible reactivation.

On 18 July, the Board issued a letter providing a proposal, for comment by interested parties, which represented the Board's initial views as to what an appropriate accounting treatment might be in this instance and that would be fair to both TCPL as well as its shippers.

2. TransCanada PipeLines Limited (TCPL) - Reports of the 2002 Tolls Task Force (File 4775-T001-1/02-6)

The Board has approved the following resolution of the 2002 Toll Task Force:

Resolution No.	Date approved	Subject
06.2002	26 September	Balancing Service Changes - Emergency Operating Conditions

Matters Under Consideration

3. Maritimes & Northeast Pipeline Management Ltd. (M&NP) - Toll Settlement and 2003 Tolls (File 4775-M124-1-2)

On 11 July, M&NP advised the Board that it had reached a settlement with members of its Toll and Tariff Working Group relating to tolls for the test period 2003. On 10 September, M&NP applied for approval of final tolls for the period 1 January to 31 December 2003.

On 27 September, the Board decided to seek comments of interested parties on the application.

4. TransCanada PipeLines Limited (TCPL) - 2003 Tolls (File 4200-T001-18)

On 16 September, TCPL filed an application for the approval of new tolls it may charge for the period 1 January to 31 December 2003 on its mainline system. On the same day, TCPL also filed an application for review and variance of the Board's June 2002 Reasons for Decision (RH-4-2001) regarding TCPL's 2001 and 2002 Fair Return Application.

In its tolls application, TCPL has forecasted a 2003 Average Rate Base of \$8,564 million and a Net Revenue Requirement of \$2,192 million, an increase of \$268 million over the 2002 net revenue requirement. TCPL has, for illustrative purposes, pending resolution of the application for review and variance of RH-4-2001 Decision, included in the calculation of the 2003 Net Revenue Requirement an estimated rate of return on common equity of

9.94 per cent on a deemed common equity ratio of 33 per cent. This calculation of rate of return on common equity is in accordance with the adjustment mechanism approved in the Multi-Pipeline Cost of Capital Decision (RH-2-94) and the Board's decision in RH-4-2001.

TCPL is proposing to establish a new Southwest tolling zone from the Alberta border to Dawn, Ontario to enhance the competitiveness of tolls to that market area. TCPL is further proposing to increase the existing minimum bid floor price for interruptible transportation service from 80 to 110 percent of the 100 per cent load factor firm transportation toll.

5. Trans Québec & Maritimes Pipeline Inc. (TQM) - 2002 Tolls (File 4200-T28)

On 25 September, TQM applied for approval of final 2002 tolls. TQM is requesting approval of a rate of return on equity of 9.53 per cent on a deemed common equity ratio of 30 per cent, as determined by the Board in accordance with Reasons for Decision RH-2-94. TQM also applied for approval of a net revenue requirement of \$88,618,000.

Frontier Matters

- 1. Geological, geophysical or geotechnical operation:** No applications were approved in September, however, modifications were made to applications approved in July and August and they are listed below.

Company	Area	Operation ID	Date
EOG Resources Canada Inc.	Mackenzie Valley	9227-E035-001E	3 July
Devon ARL Corporation	Mackenzie Delta	9337-D030-001E	5 July
Devon ARL Corporation	Beaufort Sea	9424-D030-001E	5 July
TGS-NOPEC Geophysical Company	Davis Strait	9724-T063-002P	11 July
Petrel Robertson Consulting Ltd.	Mackenzie Valley	9233-P062-001E	12 July
EXPLOR DATA Ltd.	Mackenzie Valley	9229-E034-008P	16 July
TGS-NOPEC Geophysical Company	Davis Strait	9724-T063-002P	17 July
Western Geco®	Mackenzie River	9229-W030-002P	19 July
Western Geco®	Mackenzie Delta	9329-W030-002P	2 August
Devon ARL	Mackenzie Delta	9327-D030-001E	9 August

Reviews

Review Pending

1. *TransCanada PipeLines Limited (TCPL) - Review and Variance of Reasons for Decision RH-4-2001 (File 4200-T001-18)*

On 16 September, TCPL filed an application for review and variance of the Board's June 2002 Reasons for Decision (RH-4-2001) regarding TCPL's 2001 and 2002 Fair Return Application (Refer to item 2 under *Traffic, Tolls And Tariff Matters* above).

Review Completed

2. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 7 August, RSC informed the Board that it did not wish to pursue the cancelling of electricity export permits currently held by BC Hydro and Powerex.

On 17 October 2000, RSC has applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drownings have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public travelling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

Amendments to Regulations, Rules and Guidelines

1. *Guidance Notes for the Onshore Pipeline Regulations*

The Board has sought comments from the public on proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations, 1999*.

The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations, 1999*. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the *Onshore Pipeline Regulations, 1999*.

2. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

On 30 May, the Board released a document entitled *A Conceptual Draft of the Proposed National Energy Board Damage Prevention Regulations & Guidance Notes*. The document contains the framework, concepts and ideas that will eventually form the new regulations. The Board also released the results of a national survey of Canadians who own land crossed by a federally-regulated pipeline. This

survey was conducted for the Board by COMPAS between January 17 and February 2, 2002 and will be used in the development of the new regulations.

The Board held a "town hall" style meeting in New Glasgow, Nova Scotia on 18 September to discuss the proposed new regulations. The Board will hold similar meetings at numerous locations across Canada in the coming months. Details of these meetings will be announced as they become available.

3. *Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipeline Ltd.	File: 3400-A159-10 Order: XG-A159-47-2002	Application dated 21 June; approved on 13 September. Construct 6.3 kilometres of looping to the existing Wapiti lateral.	7 252 000
	File: 3400-A159-9 Order: XG-A159-49-2002	Application dated 7 June; approved on 19 September. Construct the 26.7 kilometre Kaybob North Lateral.	20 138 000
TransCanada PipeLines Limited	File: 3400-T054-4 Order: XG-T054-46-2002	Application dated 30 July; approved on 3 September. Install a valve shelter at the Crowsnest Compressor Station.	19 000
	File: 3400-T001-7-1 Order: XG-T001-48-2002	Application dated 24 July; approved on 17 September. Repair and replace existing cathodic protection systems at 41 locations along the mainline in Saskatchewan.	1 236 000
Westcoast Energy Inc.	File: 3400-W005-298 Order: XG-W005-45-2002	Application dated 23 July; approved on 30 August. Upgrade cathodic protection system for Transmission South.	104 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
BP Canada Energy Company	File: 3400-A017-2 Order: XO-A017-50-2002	Application dated 30 August; approved on 20 September. Install risers and valves on pipelines near Carway, Alberta.	420 000
Enbridge Pipeline Inc.	File: 3400-E101-49 Order: XO-E101-19-2002	Application dated 26 July; approved on 13 September. Receipt tankage additions and manifold modification at the tank terminal in Hardisty, Alberta.	11 552 500
Trans-Northern Pipelines Inc.	File: 3400-T002-53 Order: XO-T002-18-2002	Application dated 15 July; approved on 6 September. Pipe replacement in the Township of Augusta, Ontario.	390 000
	File: 3400-T002-54 Order: XO-T002-20-2002	Application dated 6 August; approved on 17 September. Pipe replacement in the Townships of Thurlow, Sydney and Murray, Ontario.	670 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of October 2002

Guidelines For Filing Requirements, 1995

The Board has launched a project to review and revise its *Guidelines for Filing Requirements, 1995 (GFR)*. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

There have been many changes to the pipeline industry since the *GFR* was last issued in February

1995 and the Board believes a review is necessary. As a part of the *GFR* review, the Board extended an opportunity to pipeline companies under its jurisdiction, the Canadian Energy Pipeline Association and the Canadian Association of Petroleum Producers to participate in the development of this review process.

Energy Market Assessments - Canadian Natural Gas Market Dynamics And Pricing: An Update

On 17 October, the Board issued a report entitled *Canadian Natural Gas Market Dynamics and Pricing: An Update*. The report discusses the overall Canadian natural gas market and factors that impact pricing. The report was completed in discussion with natural gas industry producers, gas marketers, end-users (consumers) and a number of other industry stakeholders. The previous report was published in November 2000.

The Board produces reports on the energy markets (Energy Market Assessments) as part of its

regulatory mandate to monitor the supply of all energy commodities in Canada and the demand for Canadian energy in domestic and export markets. During the coming year, the Board expects to publish five additional reports including: energy market assessments on natural gas deliverability from the Western Canada Sedimentary Basin; Canadian electricity imports and exports; scenarios of Canadian energy supply and demand to 2025; potential natural gas resources for Alberta; and an assessment of the Maritime gas market.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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APR 17 2003

Public Hearing Applications

Hearing Decisions Pending

1. **Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and Construct the Weejay Lateral - GH-2-2002 (File 3200-W005-11)**

The Board held a public hearing from 25 to 27 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral.

On 20 September, the Board and the Department of Fisheries and Oceans Canada provided to the Minister of Environment Canada and the Canadian Environmental Assessment Agency (CEAA) the Comprehensive Study Report (CSR) required under the *Canada Environmental Assessment Act*. On 27 September, the CEAA invited the public to comment on the conclusions, recommendations, and any other aspect of the CSR.

2. **Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)**

The Board held a public hearing from 30 September to 7 October in Saint John, New Brunswick on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick. M&NP proposes to construct one custody transfer meter station and four compressor stations on its mainline.

Hearings in Progress

1. **Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)**

The Board is holding a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing was held on 8 and 9 July in Abbotsford, British Columbia. Phase 2 of the hearing was held from 30 September to 9 October in Chilliwack and Williams Lake, British Columbia. The hearing will continue in Calgary on 2 December to consider a motion by the Cariboo Tribal Council relating to Aboriginal issues.

Phase 1 of the hearing dealt with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing dealt with, design, safety, operation, environmental and

socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

2. **Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)**

The Board held a public hearing 18 to 23 October in Abbotsford, British Columbia to consider motions concerning the application of SE2 to construct an international power line near Abbotsford.

The motions seek:

1. a) to adjourn the NEB hearings with regard to EH-1-2000 until such time as the Superior Court legal challenge in Thurston County, Washington State regarding SE2 is resolved and when or if SE2 so reappears;
b) a discontinuance of the NEB hearing of the SE2 application on the basis that it is the unanimous opinion of all Canadians so involved in the process that the SE2 application to proceed within the jurisdiction of Canada not be approved;
2. a) a review by the NEB of the SE2 application for potential prejudice, at this time of proceeding, arising from the absence of full detail of an alleged verbal agreement between SE2 and Canadian Pacific Railway for use of its right of way in Canada;
b) a review by the NEB of the SE2 application for any fundamental deficiency in the application arising from absence of full detail of an alleged verbal agreement between SE2 and Canadian Pacific Railway;
3. a determination of whether the Board should hear evidence concerning the environmental effects in Canada of SE2's proposed power plant to be located in Sumas, Washington.

At the hearing, the Board denied the four motions in Nos. 1 and 2 above. The Board will render a decision on the motion listed in No. 3 in due course. The hearing on the SE2's application to construct an international power line will not

proceed until the Board has ruled on motion No. 3. A revised schedule will be released at that time.

SE2 applied to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights of way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearing Applications Filed

1. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL)* (File 2200-N088-1)

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. *EnCana Corporation (EnCana) - Natural Gas Pipeline* (File 3200-P022-1)

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

3. *TransCanada Pipelines Limited (TCPL) - 2003 Tolls* (File 4200-T001-18)

On 16 September, TCPL filed an application for the approval of new tolls it may charge for the period 1 January to 31 December 2003 on its mainline system.

In its application, TCPL has forecasted a 2003

Average Rate Base of \$8,56 billion and a Net Revenue Requirement of \$2,19 billion, an increase of \$268 million over the 2002 net revenue requirement. TCPL has, for illustrative purposes, pending resolution of the application for review and variance of RH-4-2001 Decision, included in the calculation of the 2003 Net Revenue Requirement an estimated rate of return on common equity of 9.94 per cent on a deemed common equity ratio of 33 per cent. This calculation of rate of return on common equity is in accordance with the adjustment mechanism approved in the Multi-Pipeline Cost of Capital Decision (RH-2-94) and the Board's decision in RH-4-2001.

TCPL is proposing to establish a new Southwest tolling zone, which would include the existing Southwest Delivery Areas Currently part of the Eastern Zone. TCPL is further proposing to increase the existing minimum bid floor price for interruptible transportation service from 80 to 110 percent of the 100 per cent load factor firm transportation toll. TCPL is further proposing revised depreciation rates, based on a new depreciation study.

4. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal* (File 3400-T002-56)

On 24 October, TNPI applied for approval to increase the pipeline capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

The proposed project would include the replacement of four line segments totaling approximately 72.5 kilometres (45 miles) of 273.1 millimetre (10 inch) pipe with 406.4 millimetre (16 inch) pipe between Montreal and Farran's Point. TNPI is also proposing to upgrade four of its existing pump stations located at Montreal and Como, Quebec and Lancaster and Ingleside, Ontario and to construct storage tanks at the Farran's Point pump station. For the reversal of the direction of flow in the pipeline section between Farran's Point to Toronto from a west-to-east direction to an east-to-west direction, TNPI proposes to construct three pump stations along the existing 273.1 millimetre (10 inch) pipeline near Iroquois, Mallorytown and Kingston, Ontario. TNPI stated that following completion of the Project, capacity from Montreal to Farran's Point will increase from 10 500 cubic metres (370 650 cubic feet) to 21 000 cubic metres

(741 300 cubic feet). The estimated cost of the project is \$82.25 million and the proposed completion date is mid-2004.

Hearing Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Entergy-Koch Trading Canada, ULC (EKTC) - Electricity Export (6200-E124-1)*

On 7 October, EKTC applied for permits to export up to 1 200 gigawatt hours of firm energy and 1 200 gigawatt hours of interruptible energy for a period of 10 years.

On 23 October, the Board sent a letter to EKTC requesting additional information.

2. *Fraser Paper Inc. (Canada) (Fraser) - Electricity Export (6200-F027-1)*

On 24 September, Fraser applied for a permit, to replace an existing permit that expires on 31 December 2002, to export up to 60 megawatts of firm power and 400 gigawatt hours of firm energy annually for the period 1 January 2003 to 31 December 2012.

On 24 October, the Board sent a letter to Fraser requesting additional information.

3. *Hydro One Delivery Services, Inc. (HODS) - Lake Erie Link (File 2200-H026-1)*

On 1 October, HODS requested that the Board postpone its coordination of the environmental assessment process. On 26 July, the Board had invited public comments on the scope of the environmental assessment on a proposal by HODS to construct and operate an international power line between Canada and the United States across Lake Erie.

The proposed Lake Erie Link would consist of an onshore converter station near the Hydro One Networks Inc.'s 230 kilovolt switch yard near Nanticoke, Ontario; one, two or three pairs of 150 kilovolt buried submarine electricity cables and fibre optic cables between the onshore converter

site and the American Transmission Systems, Inc.'s transmission system in Ohio and/or the PJM Interconnection operated transmission system in Pennsylvania; and approximately 3.5 kilometres of onshore power line. The length of power line within Canada would be approximately 60 kilometres, depending on the route chosen.

In April, HODS filed a preliminary information package with the Board regarding the Canadian portion of the proposed Lake Erie Link which initiated early co-ordination and scoping for the federal environmental assessment process under the *Canadian Environmental Assessment Act* in advance of a formal application.

4. *Manitoba Hydro-Electric Board (MH) - Electricity Export (6200-M020-13)*

On 26 September, MH applied for a permit, to replace an existing permit that expires on 30 April 2005, to export up to 500 megawatts of system participation power to Northern States Power Company in Minneapolis, Minnesota for the period 1 May 2005 to 30 April 2015.

Pipeline Matter

Matter Completed

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls And Tariff Matters

Matters Completed

1. *TransCanada PipeLines Limited (TCPL) - Reports of the 2002 Tolls Task Force (File 4775-T001-1/02-7)*

The Board has approved the following resolution of the 2002 Toll Task Force:

Resolution No.	Date approved	Subject
09.2002	24 October	Incremental Marginal Fuel Ratio, November and December 2002

1. *Trans Québec & Maritimes Pipeline Inc. (TQM) - 2002 Tolls (File 4200-T28-13)*

On 10 October, the Board approved an application dated 5 September from TQM for approval of final 2002 tolls.

1. *Maritimes & Northeast Pipeline Management Ltd. (M&NP) - Toll Settlement and 2003 Tolls (File 4775-M124-1-2)*

On 31 October, the Board approved an application dated 10 September from M&NP for approval of final tolls for the period 1 January to 31 December 2003.

Frontier Matters

1. *Canadian Forest Oil* was given approval on 15 October 2002 for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the Flett Rapids I-61 well.
2. *Japex/JNOC/GSC* was given approval on 23 October 2002 for the "Well Termination Record" pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the Mallik 3L-38, 4L-38 and 5L-38 wells.
3. *Geological, geophysical or geotechnical operation*: Five new applications for geological, geophysical or geotechnical operation authorization were received in October, one of which was subsequently withdrawn. No applications were approved in October pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Review

Review Pending

1. *TransCanada PipeLines Limited (TCPL) - Review and Variance of Reasons for Decision RH-4-2001 (File 4200-T001-18)*

On 16 September, TCPL filed an application for review and variance of the Board's June 2002 Reasons for Decision (RH-4-2001) regarding TCPL's 2001 and 2002 Fair Return Application.

Amendments to Regulations, Rules and Guidelines

1. Cost Recovery Regulation (File: 175-A000-72)

On 18 October, the Board enacted amendments to the Cost Recovery Regulations. The regulation will be sent for publication in *Part II of the Canada Gazette* and will come into effect on the date of publications.

2. Guidance Notes for the Onshore Pipeline Regulations

The Board has sought comments from the public on proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations, 1999*.

The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations, 1999*. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the *Onshore Pipeline Regulations, 1999*.

3. National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

On 30 May, the Board released a document entitled *A Conceptual Draft of the Proposed National Energy Board Damage Prevention Regulations & Guidance Notes*. The document contains the framework, concepts and ideas that will eventually form the new regulations. The Board also released the results of a national survey of Canadians who own land crossed by a federally-regulated pipeline. This survey was conducted for the Board by COMPAS between 17 January and 2 February will be used in the development of the new regulations.

4. Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the Canada Labour Code, Part II, is continuing.

Administrative Matters

Board Members

On 11 October, the Minister of Justice and Attorney General of Canada appointed **Judith A. Snider** a judge of the Federal Court of Canada - Trial Division. In 1992, Ms Snider was appointed General Counsel for the Board and in 1995, she was appointed a member of the Board and at the time of her appointment as Judge, she was Vice-Chairman of the Board.

The Minister of Natural Resources Canada has appointed **Gaétan Caron** as temporary Board Member for a term of two years. Mr. Caron was appointed Executive Director of the Board in 1994 and effective 1 April 1999, his position title was changed to Chief Operating Officer. Mr. Caron began work at the Board as a Pipeline Engineer in 1979 and subsequently advanced into various senior positions including Director, Pipeline Engineering Branch and Director, Financial Regulation Branch. In 1997, Mr. Caron was appointed a temporary member for a two year term.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

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For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipeline Ltd.	File: 3400-A159-11 Order: XG-A159-52-2002	Application dated 2 August; approved on 10 October. Construct and operate a new meter station in southeastern Saskatchewan.	875 000
Gazoduc Trans Québec & Maritimes Inc.	File: 3400-T028-35 Order: XG-T028-51-2002	Application dated 30 July; approved on 10 October. Works at the Saint-Maurice River.	150 000
Pioneer Natural Resources Canada Inc.	File: 3400-P177-3 Order: XG-P157-54-2002	Application dated 12 September; approved on 18 October. Construct the South Chinchaga Tie-in Installation.	42 000
TransCanada PipeLines Limited	File: 3400-T001-203 Order: XG-T001-53-2002	Application dated 30 August; approved on 18 October. Enhance existing SCADA advisory system.	197 300
	File: 3402-T001-1-9 Order: XG-T001-55-2002	Application dated 17 September; approved on 21 October. Repair and replace existing cathodic protection systems at 98 locations in Quebec and Ontario.	2 643 000
	File: 3402-T001-1-8 Order: XG-T001-56-2002	Application dated 5 September; approved on 23 October. Repair and replace existing cathodic protection systems at 16 compressor stations.	435 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-51 Order: XO-E101-22-2002	Application dated 6 September; approved on 17 October. Replace the electrical switchgear, switchgear building, actuator and power pack on Line 7 at the Keyser Station in Ontario.	2 860 000
Enbridge Pipelines Inc.	File: 3400-E101-44-1 Order: AO-1-XO-E101-5-2002	Application dated 24 September; approved on 3 October. Application to amend an existing order to upgrade Valve 45 at milepost 2238.020.	948 000

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of November 2002

Scenarios For Energy Supply And Demand To 2025

The Board periodically publishes a long-term outlook for energy supply and demand in Canada. The Board is currently working its next report entitled *Canada's Energy Future: Scenarios for Supply and Demand to 2025* which is scheduled for release in the Spring 2003.

This report will satisfy two key objectives:

- to provide a comprehensive analysis of Canadian energy markets within a North American context;
- to provide a framework for public discussion on emerging energy issues and trends.

A scenario approach has been adopted for this report, specifically to capture a range of plausible outcomes with respect to energy in Canada. The goal of this new approach is to stimulate discussion of the major forces driving change and the key uncertainties affecting the future.

As part of this process, the Board will seek the views of Canadians interested in energy matters. Public consultations will take place in various cities

across the country and will be conducted in an informal workshop setting to allow for the exchange of information and views. The focus of the consultations will be to seek comments on the Board's analysis and preliminary results. To facilitate participation at the workshops, a consultation paper will be made available on 7 January. The Board has identified the following tentative dates and locations for these public consultations: Toronto (28 January), Montréal (29 January), St. John's (31 January), Halifax (3 February), Calgary (6 February) and Vancouver (7 February). Specific dates and locations will be finalized following the receipt of responses from interested parties.

Anyone wishing to participate in these workshops are to fill out a registration form, which is available on the Board's internet site at www.neb-one.gc.ca and return it by 20 December. For further information on how to participate, contact Kathy Maidment, Administrative Assistant, at (403) 299-3145 or 1-800-899-1265 (toll free).

In This Issue

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Public Hearing Applications

Hearing Decision Rendered

1. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and Construct the Weejay Lateral - GH-2-2002 (File 3200-W005-11)*

Reasons for Decision dated November; issued on 14 November.

The Board approved an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral. The Board considered the application at a public hearing held from 25 to 27 June in Chetwynd, British Columbia

The project will consist of approximately 109.5 kilometres (67 miles) of 406 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge to a receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. Westcoast will also construct approximately 5 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline. The project will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the facilities is \$66.3 million.

The public hearing was also used to complete the comprehensive study report (environmental assessment), required by the *Canada Environmental Assessment Act* (CEAA). Following the hearing, the Board and the Department of Fisheries and Oceans Canada (DFO) prepared the comprehensive study report and forwarded it to the Canadian Environmental Assessment Agency and the Minister of the Environment for review, public comment, and a decision by the Minister. On 13 November 2002, the Minister announced that the project does not require further assessment under the CEAA and referred the project to the Board and DFO for appropriate action.

Hearing Decisions Pending

1. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)*

The Board held a public hearing from 30 September to 7 October in Saint John, New Brunswick on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick. M&NP proposes to construct one custody transfer meter station and four compressor stations on its mainline.

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The Board held a public hearing on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. The hearing was held on 8 and 9 July in Abbotsford, British Columbia and from 30 September to 9 October in Chilliwack and Williams Lake, British Columbia.

Hearing in Progress

1. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board held a public hearing from 18 to 23 October in Abbotsford, British Columbia to consider, among other motions, a motion from SE2 as follows:

Should the Board hear evidence concerning the environmental effects in Canada of Sumas' proposed power plant to be located in Sumas, Washington?

The Board will render a decision on that motion in due course. Decisions on the other motions were rendered during the hearing. The hearing on the SE2's application to construct an international power line will not proceed until the Board has ruled on the motion. A revised schedule will be released at that time.

SE2 applied to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights of way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearing Scheduled

1. *TransCanada PipeLines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board will hold a public hearing commencing on 24 February 2003 in Calgary on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

In its application, TCPL has forecasted a 2003 Average Rate Base of \$8.56 billion and a Net Revenue Requirement of \$2.19 billion, an increase of \$268 million over the 2002 net revenue requirement. For illustrative purposes pending resolution of TCPL's application for review and variance of the RH-4-2001 Decision, TCPL has included in the calculation of the 2003 Net Revenue Requirement an estimated rate of return on common equity of 9.94 per cent on a deemed common equity ratio of 33 per cent. TCPL indicated that this estimated rate of return on common equity is in accordance with the adjustment mechanism approved in the Multi-Pipeline Cost of Capital Decision (RH-2-94) and the Board's RH-4-2001 decision.

TCPL is proposing to establish a new Southwest tolling zone, which would include the existing Southwest Delivery Areas currently part of the Eastern Zone. TCPL is also proposing to increase the minimum bid floor price for interruptible transportation service from 80 to 110 percent of the 100 per cent load factor firm transportation toll. TCPL is further proposing revised depreciation rates, based on a new depreciation study.

On 13 November, TCPL filed an application for an order approving Interim Tolls for service on its Mainline effective 1 January 2003. On 22 November, the Board decided that prior to making a decision regarding TCPL's Interim Tolls Application to seek comments interested persons on the appropriateness of the level of the proposed interim tolls. Interested persons were to file their comments by 28 November and TCPL is to file reply comments by 3 December.

Hearing Applications Filed

1. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL) (File 2200-N088-1)*

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

In accordance with the *Canadian Environmental Assessment Act*, the Board and Fisheries and Oceans Canada, the responsible authorities for this project, have ensured that a comprehensive study of the project was conducted, and that the comprehensive study report submitted to the Minister of the Environment and to the Canadian Environmental Assessment Agency (Agency) is complete. The Agency invited the public to comment on the conclusions, recommendations, and any other aspect of the comprehensive study report prepared for this project. The Public Consultation phase has ended and the comments received are being reviewed.

2. *EnCana Corporation (EnCana) - Natural Gas Pipeline (File 3200-P022-1)*

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

In accordance with the *Canadian Environmental Assessment Act*, the responsible authorities for this project (the Canada-Nova Scotia Offshore Petroleum Board (CNOPB), Environment Canada, Fisheries and Oceans Canada, Industry Canada and

the National Energy Board) have ensured that a comprehensive study of the project was conducted, and that the comprehensive study report submitted to the Minister of the Environment and to the Canadian Environmental Assessment Agency is complete. The Agency invited the public to comment on the conclusions, recommendations, and any other aspect of the comprehensive study report prepared for this project. Comments are due on 6 December.

On 8 November, the CNSOPB and the Board announced that they will coordinate the public review of the proposed Deep Panuke project. The coordinated public review would see the appointment of a CNSOPB commissioner and an NEB member to conduct the public review of the project applications through one series of public hearings.

3. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal* (File 3400-T002-56)

On 24 October, TNPI applied for approval to increase the pipeline capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

The proposed project would include the replacement of four line segments totaling approximately 72.5 kilometres (45 miles) of 273.1 millimetre (10 inch) pipe with 406.4 millimetre (16 inch) pipe between Montreal and Farran's Point. TNPI is also proposing to upgrade four of its existing pump stations located at Montreal and Como, Quebec and Lancaster and Ingleside, Ontario and to construct storage tanks at the Farran's Point pump station. For the reversal of the direction of flow in the pipeline section between Farran's Point to Toronto from a west-to-east direction to an east-to-west direction, TNPI proposes to construct three pump stations along the existing 273.1 millimetre (10 inch)

pipeline near Iroquois, Mallorytown and Kingston, Ontario. TNPI stated that following completion of the Project, capacity from Montreal to Farran's Point will increase from 10 500 cubic metres (370 650 cubic feet) per day to 21 000 cubic metres (741 300 cubic feet) per day. The estimated cost of the project is \$82.25 million and the proposed completion date is mid-2004.

Hearing Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

A pre-hearing Marine Technical Conference was held in Sidney, British Columbia on 14 and 15 November. In January 2002, the Joint Review Panel invited comments on the merits of a request that it sponsor a pre-hearing conference on the marine portion of the GSX Canada Pipeline Project application. The Panel considered comments from the parties and decided to convene a pre-hearing technical conference on marine issues, to be facilitated by a neutral third party (the facilitator). In preparation for the pre-hearing conference, a group of interested parties working with GSCPL, Panel staff, and the facilitator consolidated technical and scientific issues associated with the marine portion of the proposed GSX Canada Pipeline Project. The issues were distilled from information requests from the Panel and interested parties.

The objective of the pre-hearing conference is to narrow differences on key technical scientific issues associated with the marine portion of the proposed GSX Canada Pipeline Project, so as to help inform the deliberations of the Panel.

Non Hearing Applications

Electricity Matters

Matter Completed

1. *Hydro One Delivery Services, Inc. (HODS) - Lake Erie Link (File 2200-H026-1)*

The Board, at the request of HODS, has suspended pre-application coordination of the federal environmental assessment process regarding HODS's proposed construction and operation of an international power line between Canada and the United States across Lake Erie. No further action will be taken by the Board on the project at this time.

On 26 July, the Board had invited public comments on the scope of the environmental assessment on a proposal by HODS to construct and operate an international power line between Canada and the United States across Lake Erie.

The proposed Lake Erie Link would consist of an onshore converter station near the Hydro One Networks Inc.'s 230 kilovolt switch yard near Nanticoke, Ontario; one, two or three pairs of 150 kilovolt buried submarine electricity cables and fibre optic cables between the onshore converter site and the American Transmission Systems, Inc.'s transmission system in Ohio and/or the PJM Interconnection operated transmission system in Pennsylvania; and approximately 3.5 kilometres of onshore power line. The length of power line within Canada would be approximately 60 kilometres, depending on the route chosen.

In April, HODS filed a preliminary information package with the Board regarding the Canadian portion of the proposed Lake Erie Link which initiated early co-ordination and scoping for the federal environmental assessment process under the *Canadian Environmental Assessment Act* in advance of a formal application.

2. *Fraser Paper Inc. (Canada) (Fraser) - Electricity Export (6200-F027-1)*

On 27 November, the Board approved an application dated 24 September from Fraser for a permit, to replace an existing permit that expires on 31 December 2002, to export up to 60 megawatts of firm power and 400 gigawatt hours of firm energy annually for the period 1 January 2003 to 31 December 2012.

Matters Under Consideration

3. *Entergy-Koch Trading Canada, ULC (EKTC) - Electricity Export (6200-E124-1)*

On 7 October, EKTC applied for permits to export up to 1 200 gigawatt hours of firm energy and 1 200 gigawatt hours of interruptible energy for a period of 10 years.

On 23 October, the Board sent a letter to EKTC requesting additional information.

4. *Manitoba Hydro-Electric Board (MH) - Electricity Export (6200-M020-13)*

On 26 September, MH applied for a permit, to replace an existing permit that expires on 30 April 2005, to export up to 500 megawatts of system participation power to Northern States Power Company in Minneapolis, Minnesota for the period 1 May 2005 to 30 April 2015.

Pipeline Matter

Matter Completed

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I.

Frontier Matters

1. *Paramount Resources Ltd.* was given approval on 15 November for "Approval to alter the condition of a well" pursuant to section 80(1)(b) of the *Canada Oil and Gas Drilling Regulations* for wells Para *et al* Cameron I-73, Para *et al* Cameron C-19 and Para *et al* Cameron C-75.

2. *Geological, geophysical or geotechnical operation:* one application was approved in November pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Geophysical Service Inc.	Gulf of St. Lawrence	8624-G005-014P	27 November 2002

Review

Review Pending

1. *TransCanada PipeLines Limited (TCPL) - Review and Variance of Reasons for Decision RH-4-2001 (File 4200-T001-18)*

On 16 September, TCPL filed an application for review and variance of the Board's June 2002 Reasons for Decision (RH-4-2001) regarding TCPL's 2001 and 2002 Fair Return Application.

On 1 November, the Board decided to solicit comments from all parties to the RH-4-2001 Hearing on whether or not TCPL has raised a

doubt as to the correctness of the Decision which would require a review. In order to assist in any further decisions that may be required should the Board determine that a review is warranted, parties were also invited to provide submissions on the procedure that may be followed, including whether any review held should be an oral or written proceeding and whether it is possible to review individual issues raised by TCPL as opposed to the application as a whole.

Comments were to be filed by 15 November and TCPL was to file its reply by 29 November.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its *GFR*. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

There have been many changes to the pipeline industry since the *GFR* was last issued in February 1995 and the Board believes a review is necessary. As a part of the *GFR* review, the Board extended an opportunity to pipeline companies under its jurisdiction, the Canadian Energy Pipeline Association and the Canadian Association of Petroleum Producers to participate in the development of this review process.

2. *Guidance Notes for the Onshore Pipeline Regulations, 1999*

Proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations, 1999* were released by the Board for comment on 28 February 2002. The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations, 1999*. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits

performed pursuant to the *Onshore Pipeline Regulations, 1999*.

Workshops were held with stakeholders in and revisions are currently being undertaken based on feedback received during the consultation period.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The new Regulations will apply to activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment. On 30 May, the Board released a document entitled *A Conceptual Draft of the Proposed National Energy Board Damage Prevention Regulations & Guidance Notes*. The document contains the framework, concepts and ideas that will eventually form the new Regulations.

The Board has begun meeting with stakeholders and plans to continue consultation with interested Canadians by holding focus meetings and open houses at a variety of locations across Canada.

4. National Energy Board Processing Plant Regulations

The *National Energy Board Processing Plant Regulations* were pre-published in the *Canada Gazette Part 1* on 17 August. The only comment received pertained to jurisdiction over the ExxonMobil Processing Plant located in Goldboro, Nova Scotia. The comment was determined to be non-substantive with respect to the content of the proposed Regulations and the Board is proceeding with promulgation.

Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

5. Canada Oil and Gas Diving Regulations and Guidance Notes (File 2001-1)

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations (File 0406-14)

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to The Canada Labour Code

7. Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the Canada Labour Code, Part II, is continuing. Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Vice-Chairman

The Minister of Natural Resources Canada has designated **Jean-Paul Théorêt** to be Vice-Chairman of the Board. Mr. Théorêt has been a member of the Board since 1999. A native of Quebec, he has a diverse educational and professional background in business, economics, law and energy regulation.

Mr. Théorêt was a Commissioner of the Régie de l'énergie in Quebec for eight years. He was elected

to the Quebec National Assembly in 1985 where he served as Parliamentary Assistant to the Minister of Industry, Trade and Technology as well as Vice Chairman of the Committee on Labour and the Economy. Mr. Théorêt has 30 years of business experience serving as an Executive Vice President of a large food distribution company and owner of food stores in Quebec.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Internet Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipeline Ltd.	File: 3400-A159-12 Order: XG-A159-67-2002	Application dated 30 August; approved on 2 November. Install additional compression facilities at AB47 and AB48 receipt points.	4 213 300
Gazoduc Trans Québec & Maritimes Inc.	File: 3400-T028-36 Order: XG-T028-61-2002	Application dated 22 October; approved on 21 November. Construct anode beds at Stukely-Sud.	60 000
EnCana Oil and Gas Ltd.	File: 3400-E121-1 Order: XG-E121-63-2002	Application dated 24 September; approved on 27 November. Construct a tie-in by hot tap method.	20 000
Huntingdon International Pipeline Corporation	File: 3400-H037-4 Order: XG-H037-58-2002	Application dated 18 September; approved on 14 November. Construct the Osoyoos interconnect facility.	9 333
TransCanada PipeLines Limited	File: 3402-T001-1-7A Order: AO-1-XG-T001-48-2002	Application dated 17 September; approved on 4 November. Amend an existing order to include four additional sites for repair and replacement of existing cathodic protection systems.	113 100
	File: 3402-T001-1-9A Order: AO-1-XG-T001-55-2002	Application dated 4 November; approved on 25 November. Amend an existing order to include one additional site for repair and replacement of existing cathodic protection systems.	70 550
TransCanada PipeLines Limited BC System	File: 3400-T054-5 Order: XG-T054-59-2002	Application dated 23 September; approved on 19 November. Repair and upgrade the water treatment system at the Moyie Compressor Station.	235 000
Westcoast Energy Inc.	File: 3400-W005-296 Order: XG-W005-62-2002	Application dated 9 July; approved on 21 November. Construct a new flare site and access road to the Beg Pipeline.	525 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-53 Order: XO-E101-23-2002	Application dated 24 October; approved on 25 November. Install pigging facilities on Lines 7 and 12 at Bronte Junction, Ontario.	1 548 4000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of December 2002

NEB Meets With Key Players in the Maritime Natural Gas Market

In December, the Board started consulting with key players in the Maritime natural gas market to gather information for its first public report on the functioning of that market. Other interested parties will also be invited to share their views in early 2003 on specific issues pertaining to the market for natural gas in the Maritimes.

The Board decided to take this action following a hearing in Fredericton last summer held to consider an application by the Province of New Brunswick to establish new rules for short-term exports of incremental Scotian offshore natural gas. The Board decided that it would be inappropriate to implement procedures that would unduly interfere with the normal operation of the natural gas market but that it would enhance its monitoring efforts of gas markets in Maritime Canada.

The Board has mobilized a team of technical specialists who will be responsible for the ongoing monitoring of the Maritime natural gas market. These initial meetings with buyers, sellers, producers, pipelines and government representatives are designed to discuss access to supply, market and transportation issues and to gather additional market data and information.

The Board expects to release its first report on the state of the Maritime gas market in the spring of 2003.

Over the medium term, the Board intends to improve price transparency in Maritime Canada by publishing additional data gathered from the reports it receives on a monthly basis from export order holders. It will also collect data on domestic and export prices through surveys and publish the results in an aggregate format.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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APR 17 2003

Energy Market Assessment (EMA)

On 12 December, the Board issued an EMA report entitled *Short-term Natural Gas Deliverability from the Western Canada Sedimentary, 2002 - 2004*. The report examines the factors which affect gas supply in the short-term and presents an outlook for deliverability to the year 2004. The main objective of the report is to advance the understanding of the short-term gas supply situation by examining recent trends in the production characteristics of

the Western Canada Sedimentary Basin (WCSB) and applying these trends to provide an outlook for short-term deliverability from the WCSB. Further, this report is an update to the Board's December 2000 EMA, titled *Short-term Natural Gas Deliverability from the Western Canada Sedimentary Basin, 2000-2002*.

Public Hearing Applications

Hearing Decision Rendered

1. **Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)**

Reasons for Decision dated November; issued on 5 December.

The Board approved an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick, however, the Board has suspended the date at which the approval will come into effect. The approval will come into effect upon the later of: a) 31 July 2003, or b) when M&NP makes certain filings, one of which is the filing for approval of a revised engineering/hydraulic design for the facilities proposed to support the contracted volumes if those end up being less than 400,000 MMBtu/d.

The Board found the suspension of the approval to be in the public interest because of the unique nature of the supply arrangements between EnCana Corporation and M&NP. EnCana has a one-time right, by 31 July 2003, under its Firm Service Agreement to decrease its contract volume of 400,000 MMBtu/d by any quantity up to a maximum of 200,000 MMBtu/d. The Board also noted EnCana's evidence that it is continuing to negotiate with potential domestic customers of natural gas. Therefore, the condition was added in case revisions to the applied-for facilities are required as a result of proposed domestic deliveries or if EnCana exercises its one-time right to decrease its contract volumes for some other reason.

M&NP applied to construct one custody transfer meter station and two compressor stations in Nova Scotia and two compressor stations in New Brunswick. The facilities are required to provide transmission service to EnCana of

400,000 MMBtu/d of natural gas produced from the Deep Panuke Project between Goldboro, Nova Scotia and the St. Stephen, New Brunswick export point commencing in 2005. The estimated cost of the facilities is \$190.8 million.

The Board considered the application at a public hearing held from 30 September to 7 October in Saint John, New Brunswick.

Hearing Decision Pending

1. **Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)**

The Board held a public hearing on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. The hearing was held on 8 and 9 July in Abbotsford, British Columbia and from 30 September to 9 October in Chilliwack and Williams Lake, British Columbia.

Hearing in Progress

1. **Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)**

On 9 December, the Board decided that it will consider the environmental effects in Canada of the proposed gas-fired power plant to be constructed by SE2 in Sumas, Washington. The Board considered that there is a direct connection between the proposed Power Plant and the proposed IPL that SE2 wants to construct through Abbotsford, British Columbia and for which it has applied to the Board for approval under the *National Energy Board Act*.

The Board's decision followed a public hearing held in Abbotsford from 18 to 23 October on, among other things, a motion from SE2 that reads as follows:

Should the Board hear evidence concerning the environmental effects in Canada of Sumas' proposed power plant to be located in Sumas, Washington?

The Board also decided to schedule a public hearing on SE2's application to construct the proposed IPL through Abbotsford. The hearing will commence on 7 April in Abbotsford.

SE2 applied to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights of way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearings Scheduled

1. *TransCanada Pipelines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board will hold a public hearing commencing on 24 February 2003 in Calgary on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

In its application, TCPL has forecasted a 2003 Average Rate Base of \$8.56 billion and a Net Revenue Requirement of \$2.19 billion. For illustrative purposes, TCPL has included in the calculation of the 2003 Net Revenue Requirement an estimated rate of return on common equity of 9.94 per cent on a deemed common equity ratio of 33 per cent. TCPL is proposing to establish a new Southwest tolling zone, which would include the existing Southwest Delivery Areas currently part of the Eastern Zone. TCPL is also proposing to increase the minimum bid floor price for interruptible transportation service from 80 to 110 percent of the 100 per cent load factor firm transportation toll. TCPL is further proposing revised depreciation rates, based on a new depreciation study.

On 6 December, the Board approved an application dated 13 November from TCPL for an order approving Interim Tolls for service on its Mainline effective 1 January 2003.

2. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL) (File 2200-N088-1)*

The Board will hold a public hearing commencing on 24 March in Saint John, New Brunswick to

consider an application by NB Power to construct and operate an IPL from the existing transmission terminal at the Point Lepreau Generating Station to a point on the Maine-New Brunswick border west of St. Stephen, New Brunswick. Board staff will also hold public information sessions on 15 and 16 January in Rennfield and St. Stephen, New Brunswick, respectively, so that interested individuals can obtain information on how to participate in the public hearing.

NB Power applied to construct and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

In accordance with the *Canadian Environmental Assessment Act* (CEAA), the Board and Fisheries and Oceans Canada (DFO), the responsible authorities for this project, have ensured that a comprehensive study of the project was conducted, and that the comprehensive study report submitted to the Minister of the Environment and to the Canadian Environmental Assessment Agency (Agency) is complete. The Agency invited the public to comment on the conclusions, recommendations, and any other aspect of the comprehensive study report prepared for this project. On 20 December, the Minister announced that the project does not require further assessment under the CEAA and referred the project to the Board and DFO for appropriate action.

3. *EnCana Corporation (EnCana) - Deep Panuke Project - Coordinated Review - Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) and National Energy Board (NEB) (File 3200-P022-1)*

The CNSOPB and the NEB will hold a joint public hearing commencing on 28 April in Halifax, Nova Scotia on an application by EnCana regarding the Deep Panuke Offshore Gas Development project. The coordinated public process to hear and consider the applications will begin with initial public consultation sessions, a written information request/response process and an oral hearing. The public consultation sessions will be held in Halifax

on 9 January and in Guysborough, Nova Scotia on 11 January.

EnCana filed applications with the two Boards. The application to the CNSOPB includes a development plan, a Canada-Nova Scotia benefits plan, an environmental impact statement and a socio-economic impact statement, collectively known as the Development Application. The application to the NEB includes the construction and operation of 179 kilometres (111 miles) of 610 millimetre (24 inch) natural gas pipeline from the outlet flange of the offshore production platform to an interconnect with the Maritimes & Northeast Pipeline Management Ltd. main transmission pipeline approximately 1.1 kilometres downstream from the Goldboro, Nova Scotia gas plant.

In accordance with the Canadian Environmental Assessment Act (CEAA), the responsible authorities for this project (the CNOPB, Environment Canada, Fisheries and Oceans Canada, Industry Canada and the NEB) have ensured that a comprehensive study of the project was conducted, and that the comprehensive study report submitted to the Minister of the Environment and to the Canadian Environmental Assessment Agency (Agency) is complete. The Agency invited the public to comment on the conclusions, recommendations, and any other aspect of the comprehensive study report prepared for this project. On 20 December, the Minister of Environment announced that the project does not require further environmental assessment under the CEAA and referred the project to the responsible authorities for appropriate action.

Hearing Application Filed

1. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal (File 3400-T002-56)*

On 24 October, TNPI applied for approval to increase the pipeline capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

The proposed project would include the replacement of four line segments totaling approximately 72.5 kilometres (45 miles) of 273.1 millimetre (10 inch) pipe with 406.4 millimetre (16 inch) pipe between Montreal and Farran's Point. TNPI is also proposing to upgrade four of its existing pump stations located at Montreal and Como, Quebec and Lancaster and Ingleside, Ontario

and to construct storage tanks at the Farran's Point pump station. For the reversal of the direction of flow in the pipeline section between Farran's Point to Toronto from a west-to-east direction to an east-to-west direction, TNPI proposes to construct three pump stations along the existing 273.1 millimetre (10 inch) pipeline near Iroquois, Mallorytown and Kingston, Ontario. TNPI stated that following completion of the Project, capacity from Montreal to Farran's Point will increase from 10 500 cubic metres (370 650 cubic feet) per day to 21 000 cubic metres (741 300 cubic feet) per day. The estimated cost of the project is \$82.25 million and the proposed completion date is mid-2004.

Hearing Postponed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

Non Hearing Applications

Electricity Matters

Matter Completed

1. *Entergy-Koch Trading Canada, ULC (EKTC) - Electricity Export (File 6200-E124-1)*

On 20 December, the Board approved an application dated 7 October from EKTC for permits to export up to 1 200 gigawatt hours of firm energy and 1 200 gigawatt hours of interruptible energy for a period of 10 years.

Matter Under Consideration

2. *Manitoba Hydro-Electric Board (MH) - Electricity Export (File 6200-M020-13)*

On 26 September, MH applied for a permit, to replace an existing permit that expires on 30 April 2005, to export up to 500 megawatts of system participation power to Northern States Power Company in Minneapolis, Minnesota for the period 1 May 2005 to 30 April 2015.

Frontier Matters

1. *Paramount Resources Ltd.* was given "Approval to drill a well" on 6 December 2002 pursuant to section 83.(1) of the *Canada Oil and Gas Drilling Regulations* for the following wells: Paramount et al Cameron F-75, Cameron K-74, Cameron D-49 and Cameron H-58.
2. *Devon ARL Corporation* was given approval 16 December 2002 for the "Well Termination Record" for the well Devon PC Tuk M-18 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.
3. *Canadian Natural Resources Ltd.* was given "Approval to drill a well" on 17 December 2002 pursuant to section 83.(1) of the *Canada Oil and Gas Drilling Regulations* for the following wells: Belleh Dukeh D-63, Behdzia Youh N-30, and Behdzia Youh O-52.
4. *Petro-Canada* was given "Approval to drill a well" on 30 December 2002 pursuant to section 83.(1) of the *Canada Oil and Gas Drilling Regulations* for the well PC Devon Nuna I-30.

5. *Chevron Canada Resources Ltd.* was given "Approval to drill a well" on 31 December 2002 pursuant to section 83.(1) of the *Canada Oil and Gas Drilling Regulations* for the well Liard 2K-29..

Natural Gas Matter

Matter Completed

1. *Canadian Hunter Exploration Ltd. (CHEL) Revoke Natural Gas Export Licence GL-107 (Files 7200-C087-1-2 and 7425-C087)*

On 10 December, the Board approved an application dated 3 December from CHEL to revoke Natural Gas Export Licence GL-107. Under the Licence, CHEL was authorized to export up to 845 000 cubic metres (29.8 million cubic feet) per day of natural gas to Project Orange Associates L.P via export points near Iroquois and Niagara Falls, Ontario.

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls And Tariff Matters

Matters Completed

1. *Rate of Return on Common Equity (ROE) for 2003 (File 4750-A000-11)*

On 5 December, the Board approved, pursuant to the ROE adjustment mechanism approved in the Multi-Pipeline Cost of Capital Decision (RH-2-94), as amended, a ROE of 9.79 per cent for the year 2003. The ROE for 2002 was 9.53 per cent.

2. *Trans Québec & Maritimes Pipeline Inc. (TQM) - Interim Tolls (File 4400-T028-7)*

On 19 December, the Board approved an application dated 10 December from TQM to maintain and continue the current transportation tolls approved for 2002 as interim tolls effective 1 January 2003.

3. *Westcoast Energy Inc. (WEI) - Interim Tolls (File 4400-W005-10)*

On 19 December, the Board approved an application dated 25 November from WEI for interim tolls for mainline transmission services effective 1 January 2003.

Matters Pending

4. *Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.) , Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2003 Operating and Maintenance Expense Budgets (File 4750-F6-2-1)*

On 3 December, Foothills applied, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2003.

On 19 December, the Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2002 costs and any variances from the amounts approved for 2001, both due to be filed with the

Board by the end of February 2003. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2003 equal to 50 per cent of the budgets submitted.

5. *TransCanada PipeLines Limited, BC System (TCPL) - Effective Rates and Charges (File 4775-T054-2003-1)*

On 12 December, TCPL applied for approval of the Effective a Rates and Charges to be applied for service on its BC System effective 1 January 2003 and for amendments to the BC System Gas Transportation Service Documents.

On 20 December, the Canadian Association of Petroleum Producers and Chevron Canada Resources filed complaints with respect to the application.

On 27 December, the Board decided to approved the Effective Rates and Charges as proposed in the application on an interim basis effective 1 January 2003 pending a final decision on the application.

Review

Review Pending

1. *TransCanada PipeLines Limited (TCPL) - Review and Variance of Reasons for Decision RH-4-2001 (File 4200-T001-18)*

On 16 September, TCPL filed an application for review and variance of the Board's June 2002 Reasons for Decision (RH-4-2001) regarding TCPL's 2001 and 2002 Fair Return Application.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

2. *Guidance Notes for the Onshore Pipeline Regulations, 1999*

Proposed amendments to the *Guidance Notes for the Onshore Pipeline Regulations, 1999* were released by the Board for comment on 28 February 2002. The 1999 Guidance Notes were developed as a companion to the *Onshore Pipeline Regulations, 1999*. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the *Onshore Pipeline Regulations, 1999*.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The new Regulations will apply to activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

The Board has begun meeting with stakeholders and plans to continue consultation with interested Canadians by holding focus meetings and open houses at various locations across Canada.

4. *National Energy Board Processing Plant Regulations*

On 20 December, the Board approved the enactment of the *National Energy Board Processing Plant Regulations* and directed that they be forwarded to the Privy Council Office for approval of the Governor in Council and publication in the Canada Gazette Part II.

Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

5. *Canada Oil and Gas Diving Regulations and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to The Canada Labour Code

7. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the Canada Labour Code, Part II, is continuing. Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

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Internet Site:

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Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Foothills Pipe Lines Ltd.	File: 3400-F006-42 Order: XG-F006-65-2002	Application dated 20 November; approved on 6 December. Install a backup sales tap assembly on the Sundre Section of Zone 7 in southwest Alberta.	61 000
Westcoast Energy Inc.	File: 3400-W005-297 Order: XG-W005-64-2002	Application dated 10 July; approved on 2 December. Replace 2300 metres of the Fort Nelson Mainline.	5 100 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-52 Order: XO-E101-24-2002	Application dated 16 October; approved on 20 December. Instal scraper traps near Nanticoke Junction, Ontario	700 000
Enbridge Pipelines (Westspur) Inc.	File: 3400-E103-14 Order: XO-E103-24-2002	Application dated 9 December; approved on 23 December. Maintenance of the cathodic protection of the mainline in Saskatchewan and Manitoba.	434 500

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from

oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of January 2003

An Energy Market Assessment Report

On 23 January, the Board published an Energy Market Assessment (EMA) report entitled *Canadian Electricity Exports and Imports*. The report focuses on recent trends in Canadian electricity exports and imports, and the associated revenue and pricing, in the context of the major developments in electricity markets in Canada and the United States over the past decade. This includes discussion of some of the issues and implications of electricity trade for consumers and the electricity industry. "Exports" and "imports" refer to international transfers of electricity, recognizing that from a provincial standpoint, exports and imports may also include interprovincial transfers.

The timing of this EMA is guided by the recent increase in applications to the Board for electricity

exports and international power lines. In addition, there have been significant market developments such as the opening of electricity markets in Alberta and Ontario and the evolution of Regional Transmission Organizations in the U.S., which may affect the outlook for Canadian electricity trade. The report is intended to contribute to the public's understanding and awareness of current developments in the Canadian electricity sector, and is the first in an annual series of EMAs examining electricity exports and imports and related matters.

The report is available on the Board Web site at www.neb-one.gc.ca under *Publications, Publications and Reports, Assessment (Energy Market)*.

Update of the Electricity Memorandum of Guidance

The Board has revised its *Memorandum of Guidance to Interested Parties Concerning Full Implementation of the September 1988 Canadian Electricity Policy* (MOG) to reflect the 14 March 2001 Federal Court of Appeal Judgement in *Athabasca Chipewyan First*

Nation v British Columbia Hydro and Power Authority, 2001. The Federal Court, questioned the concept of "reverse onus" as well as the Board's consideration of "environmental effects" in the processing of electricity export applications. The

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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APR 17 2003

update also reflects other process revisions based on the Board's experience with processing electricity applications since the last revisions included in the 26 August 1998 MOG (this update replaces the 26 August 1998 MOG).

A copy of the updated MOG can be found on the Board's Web site at www.neb-one.gc.ca under *Acts and Regulations*.

Proposed Amendments to the Onshore Pipeline Regulations, 1999 Decommissioning of Pipelines

The Board is proposing to amend its *Onshore Pipeline Regulations, 1999* (OPR) to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

Currently, there are two regulatory processes in place which addresses the issue of retiring pipelines or related facilities. One is under the NEB Act which sets out the regulatory process where a company seeks to abandon its pipeline or a portion thereof. The Board interprets abandonment of pipeline to mean the discontinuation of service to end users. The

second is under the OPR which permits a company to apply for an order permitting a pipeline, or section thereof, to be deactivated where there is a temporary removal from service.

Therefore, the Board is proposing to amend the OPR to require companies to file an application to take pipelines, which would not discontinue service to end users permanently, out of service. The Board is requesting feedback from interested persons regarding the proposed amendments. The Board will receive comments until 5 March 2003.

A copy of the proposed amendments to the OPR can be found on the Board's Web site at www.neb-one.gc.ca under *What's New*.

Public Hearing Applications

Hearing Decision Rendered

1. ***Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)***

Reasons for Decision dated December 2002; issued on 28 January 2003.

The Board approved an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. The Board approved the construction of approximately 55 kilometres (34 miles) of 1 067 millimetre (42 inch) natural gas pipeline in six loop segments along the route of the existing Southern Mainline. The proposed loops will range in length from approximately 3.2 kilometres (2.0 miles) to 26.8 kilometres (16.5 miles) and will be installed at locations from near McLeod Lake in north-central British Columbia to near Rosedale in southern British Columbia. WEI will also upgrade and construct additional facilities at several compressor stations and install metering facilities at its Huntingdon Meter Station at the Canada/United States border. The additional facilities will provide approximately 5.7 million

cubic metres (200 million cubic feet) per day of additional capacity on the Southern Mainline. The estimated cost of the project is \$270 million and the proposed in-service date is 1 November 2003.

The Board held a public hearing on the application on 8 and 9 July in Abbotsford, British Columbia and from 30 September to 9 October in Chilliwack and Williams Lake, British Columbia.

Hearing in Progress

1. ***Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)***

The Board will reconvene a public hearing on 7 April in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights of way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

The Board has already held public hearings on 18, 19 and 20 January 2001, 19 February 2001, and 18 to 23 October 2002 to deal with preliminary matters and motions.

Hearings Scheduled

1. *TransCanada Pipelines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board will hold a public hearing commencing on 26 February in Calgary on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

2. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel will hold a public hearing commencing on 24 February in Sidney, British Columbia on the GSX Canada Pipeline Project which would transport natural gas from Sumas, Washington to Vancouver Island. The proposed project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

3. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL) (File 2200-N088-1)*

The Board will hold a public hearing commencing on 24 March in Saint John, New Brunswick to consider an application by NB Power to construct and operate an IPL from the existing transmission terminal at the Point Lepreau Generating Station to a point on the Maine-New Brunswick border west of St. Stephen, New Brunswick.

Board staff held public information sessions on 15 and 16 January in Rennfield and St. Stephen, New Brunswick, respectively, so that interested individuals can obtain information on how to participate in the public hearing.

4. *EnCana Corporation (EnCana) - Deep Panuke Project - Coordinated Review - Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) and National Energy Board (NEB) (File 3200-P022-1)*

The CNSOPB and the NEB will hold a joint public hearing commencing on 28 April in Halifax, Nova Scotia on an application by EnCana regarding the Deep Panuke Offshore Gas Development project. The coordinated public process to hear and consider the applications will begin with initial public consultation sessions, a written information request/response process and an oral hearing. The public consultation sessions were held in Halifax on 9 January and in Guysborough, Nova Scotia on 11 January.

EnCana filed applications with the two Boards. The application to the CNSOPB includes a development plan, a Canada-Nova Scotia benefits plan, an environmental impact statement and a socio-economic impact statement, collectively known as the Development Application. The application to the NEB includes the construction and operation of 179 kilometres (111 miles) of 610 millimetre (24 inch) natural gas pipeline from the outlet flange of the offshore production platform to an interconnect with the Maritimes & Northeast Pipeline Management Ltd. main transmission pipeline approximately 1.1 kilometres downstream from the Goldboro, Nova Scotia gas plant.

Hearing Application Filed

1. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal (File 3400-T002-56)*

On 24 October, TNPI applied for approval to increase the pipeline capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

The proposed project would include the replacement of four line segments totaling approximately 72.5 kilometres (45 miles) of 273.1 millimetre (10 inch) pipe with 406.4 millimetre (16 inch) pipe between Montreal and Farran's Point. TNPI is also proposing to upgrade four of its existing pump stations located at Montreal and Como, Quebec and Lancaster and Ingleside, Ontario and to construct storage tanks at the Farran's Point pump station. For the reversal of the direction of flow in the pipeline section between Farran's Point to Toronto from a west-to-east direction to an east-to-west direction, TNPI proposes to construct three pump stations along the existing 273.1 millimetre (10 inch) pipeline near Iroquois, Mallorytown and Kingston, Ontario. TNPI stated that following completion of the Project, capacity from Montreal to Farran's Point will increase from 10 500 cubic metres (370 650 cubic feet) per day to 21 000 cubic metres (741 300 cubic feet) per day. The estimated cost of the project is \$82.25 million and the proposed completion date is mid-2004.

Non Hearing Applications

Electricity Matter

Matter Completed

1. *Manitoba Hydro-Electric Board (MH) - Electricity Export (File 6200-M020-13)*

On 23 January, the Board approved an application dated 26 September from MH for a permit, to replace an existing permit that expires on 30 April 2005, to export up to 500 megawatts of system participation power to Northern States Power Company in Minneapolis, Minnesota for the period 1 May 2005 to 30 April 2015.

Frontier Matters

1. *Anadarko Canada Corp.* was given approval on 17 January to drill wells Arrowhead River I-75 and Liard P-16 pursuant to section 83.(1) of the *Canada Oil and Gas Drilling Regulations* (COGDR). Anadarko was also given approval on 24 January to drill the Arrowhead River O-38 well.
2. *Devlan Exploration Inc.* was given approval on 20 January to drill the Tree River C-36 well, pursuant to section 83.(1) of the COGDR.
3. *Devlan Exploration Inc.* was given approval on 20 January to alter the conditions of wells Tree River B-10, Ontaratue River D-39 and Thunder River N-73 pursuant to section 80.(1)(b) of the COGDR for the.
4. *Paramount Resources Ltd.* was given approval on 22 January to drill the Paramount et al Nogha C-49 well pursuant to section 83.(1) of the COGDR.
5. *Devon ARL Corporation* was given approval on 30 January to drill the Devon et al Itiginkpak F-29 well pursuant to section 83.(1) of the COGDR.
6. *Geological, geophysical or geotechnical operation* - two applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls And Tariff Matters

Matters Pending

1. *Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.) , Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2003 Operating and Maintenance Expense Budgets (File 4750-F6-2-1)*

On 3 December, Foothills applied, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2003.

On 19 December, the Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2002 costs and any variances from the amounts approved for 2001, both due to be filed with the Board by the end of February 2003. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2003 equal to 50 per cent of the budgets submitted.

2. *TransCanada PipeLines Limited, BC System (TCPL) - Effective Rates and Charges (File 4775-T054-2003-1)*

On 12 December, TCPL applied for approval of the Effective a Rates and Charges to be applied for service on its BC System effective 1 January 2003 and for amendments to the BC System Gas Transportation Service Documents.

On 20 December, the Canadian Association of Petroleum Producers and Chevron Canada Resources filed complaints with respect to the application.

Company	Area	Operation ID	Date
Paramount Resources Ltd.	Cameron Hills	9229-P033-008E	7 January
Encana Corporation	Mackenzie Delta	9329-E043-001E	22 January

On 27 December, the Board decided to approved the Effective Rates and Charges as proposed in the application on an interim basis effective 1 January 2003 pending a final decision on the application.

3. *Trans Québec & Maritimes Pipeline Inc. (TQM) - Final 2003 Tolls (File 4200-T028-13)*

On 15 January, TQM applied for approval for final tolls for the period 1 January to 31 December 2003. TQM is requesting approval of a net

revenue requirement of \$87.3 million, which is a reduction of \$1.3 million from 2002. TQM is also requesting an increase of rate of return on rate base from 7.58 to 7.89 per cent, reflecting an increase in interest rates as well as an increase of the allowed return on common equity from 9.53 to 9.79 per cent. TQM's average rate base has decreased to \$484.5 million from \$504.1 million.

Review

Review Pending

1. *TransCanada PipeLines Limited (TCPL) - Review and Variance of Reasons for Decision RH-4-2001 (File 4200-T001-18)*

On 16 September, TCPL filed an application for review and variance of the Board's June 2002 Reasons for Decision (RH-4-2001) regarding TCPL's 2001 and 2002 Fair Return Application.

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1. *Guidelines for Filing Requirements, 1995 (GFR)*

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2. *Guidance Notes for the Onshore Pipeline Regulations, 1999 (OPR)*

On 28 January, the Board issued its *Guidance Notes of the Onshore Pipeline Regulations, 1999, Amendment 1*. This amendment reflects extensive and ongoing consultations held between the Board and stakeholders since the Guidance Notes were first published in September 1999.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The new Regulations will apply to activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

The Board has been holding meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings

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4. *Canada Oil and Gas Diving Regulations and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

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Administrative Matters

Professional Leader, Engineering

Mr. Alan Murray, Ph.D. has been appointed to the position of Professional Leader, Engineering. Mr. Murray has held engineering, teaching and managerial positions from 1967 to the present, notably at Det norske Veritas from 1983 to 1988 and at NOVA Gas Transmission Division (later TransCanada Pipelines Limited) from 1990 to 2001. He is currently principal of a consulting practice in pipeline design and construction, procurement and technical training. He is also an industrial affiliate at the University of Calgary (Chemical Engineering), teaching courses on pipeline and construction. Mr. Murray holds a Ph.D. (Civil Engineering) from The Queen's University of Belfast, Northern Ireland, B.Sc. (Hons) Mechanical Engineering from the University of Wolverhampton, England and is a Member of APEGGA.

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New Publications

The Board has published three new documents entitled:

Information Series - *Answers to your Questions about the National Energy Board*

Information Series - *National Energy Board Library and Information Services* (this publication replaces Information Bulletins V and VII)

Information Series - *National Energy Board Frontier Information Office* (this publication replaces Information Bulletin XI)

The publications are available on the Board's Web site at www.neb-one.gc.ca, *Publications, Information Series*.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Pioneer Natural Resources Canada Inc.	File: 3400-P177-4 Order: XG-P177-01-2003	Application dated 18 October; approved on 9 January. Construct the Burnt Cabin Creek pipeline loop.	721 000
TransCanada PipeLines Limited	File: 3400-T001-205 Order: XG-T001-02-2003	Application dated 12 November; approved on 22 January. Decommissioning six compressor plants.	18 695 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of February 2003

Public Hearing Applications

Hearing in Progress

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel is holding a public hearing which commenced on 24 February in Sidney, British Columbia on the GSX Canada Pipeline Project which would transport natural gas from Sumas, Washington to Vancouver Island. The proposed project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

2. *TransCanada PipeLines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board is holding a public hearing which commenced on 26 February in Calgary, Alberta on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

3. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board will reconvene a public hearing on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights of way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

The Board has already held public hearings on 18, 19 and 20 January 2001, 19 February 2001, and 18 to 23 October 2002 to deal with preliminary matters and motions.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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APR 17 2003

Hearing Scheduled

1. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL) (File 2200-N088-1)*

The Board will hold a public hearing commencing on 24 March in Saint John, New Brunswick to consider an application by NB Power to construct and operate an IPL from the existing transmission terminal at the Point Lepreau Generating Station to a point on the Maine-New Brunswick border west of St. Stephen, New Brunswick.

Hearing Adjourned

1. *EnCana Corporation (EnCana) - Deep Panuke Project - Coordinated Review - Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) and National Energy Board (NEB) (File 3200-P022-1)*

The CNSOPB and the NEB have agreed to suspend the Coordinated Public Process for the review of EnCana's Deep Panuke Offshore Gas Development Project. On 14 February, EnCana requested that the applications before the CNSOPB and NEB be adjourned *sine die* and that the balance of the proceedings be suspended.

The CNSOPB has revoked the appointment of its Commissioner and terminated the CNSOPB Deep Panuke Public Review. The NEB has rescinded the authorization of its Member under s. 15 of the *National Energy Board Act* and has adjourned the GH-4-2002 proceeding.

The Boards have requested that EnCana provide an update on its review of the Deep Panuke Project by 10 December, 2003. At that time, the coordinated public review arrangement between the Boards and any recommencement of proceedings will be examined after reviewing EnCana's project update.

Hearing Application Filed

1. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal (File 3400-T002-56)*

On 24 October, TNPI applied for approval to increase the pipeline capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

The proposed project would include the replacement of four line segments totaling approximately 72.5 kilometres (45 miles) of 273.1 millimetre (10 inch) pipe with 406.4 millimetre (16 inch) pipe between Montreal and Farran's Point. TNPI is also proposing to upgrade four of its existing pump stations located at Montreal and Como, Quebec and Lancaster and Ingleside, Ontario and to construct storage tanks at the Farran's Point pump station. For the reversal of the direction of flow in the pipeline section between Farran's Point to Toronto from a west-to-east direction to an east-to-west direction, TNPI proposes to construct three pump stations along the existing 273.1 millimetre (10 inch) pipeline near Iroquois, Mallorytown and Kingston, Ontario. TNPI stated that following completion of the Project, capacity from Montreal to Farran's Point will increase from 10 500 cubic metres (370 650 cubic feet) per day to 21 000 cubic metres (741 300 cubic feet) per day. The estimated cost of the project is \$82.25 million and the proposed completion date is mid-2004.

Non Hearing Applications

Frontier Matters

1. **Anadarko Canada Corp.** (Anadarko) was given approval on 4 February to drill a well pursuant to section 83.(1) of the *Canada Oil and Gas Drilling Regulations* (COGDR) for the well Arrowhead River C-55.
2. **Paramount Resources Ltd.** (Paramount) was given approval on 7 February for the "Well Termination Record" for the well Cameron F-75 pursuant to section 203.(1) of the COGDR. Paramount was subsequently given approval to "Alter the Condition of a Well" for Cameron F-75 pursuant to section 80.(1)(b) of the COGDR.
3. **Paramount** was given approval 14 February for the "Well Termination Record" for the well Cameron K-74 pursuant to section 203.(1) of the COGDR. Paramount was then given approval to "Alter the Condition of a Well" for Cameron K-74 pursuant to section 80.(1)(b) of the COGDR.
4. **Anadarko** was given approval on 19 February to drill the well Arrowhead River F-56 pursuant to section 83.(1) of the COGDR.
5. **Anadarko** was given approval on 20 February to drill wells West Bovie I-76, Arrowhead River J-74, Arrowhead River O-63, Arrowhead River M-35, and McKay Lakes A-14 pursuant to section 83.(1) of the COGDR.
6. **Paramount** was given approval on 20 February to drill well Nogha M-17 pursuant to section 83.(1) of the COGDR.
7. **Paramount** was given approval on 21 February to drill wells McKay Lakes K-36 and McKay Lakes M-20 pursuant to section 83.(1) of the COGDR.
8. **Chevron Canada Resources Ltd.** was given approval on 24 February to drill well Langley K-30 pursuant to section 83.(1) of the COGDR.

9. **Paramount** was given approval on 26 February for the "Well Termination Record" for the well Cameron D-49 pursuant to section 203.(1) of the COGDR. Paramount was subsequently granted "Approval to Alter the Condition of a Well" for Cameron D-49 pursuant to 80.(1)(b) of the COGDR.
10. **Geological, geophysical or geotechnical operation** - two applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Apache Canada Ltd.	Central Mackenzie Valley, NWT	9229-A075-001E	3 February
Encana Corporation	Mackenzie Delta NWT	9329-E043-002E	20 February

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls And Tariff Matters

Matter Completed

1. *Trans Québec & Maritimes Pipeline Inc. (TQM) - Final 2003 Tolls (File 4200-T028-13)*

On 20 February, the Board approved an application dated 15 January from TQM for final tolls for the period 1 January to 31 December 2003.

Matters Pending

2. *Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.) , Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2003 Operating and Maintenance Expense Budgets (File 4750-F6-2-1)*

On 3 December, Foothills applied, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2003.

On 19 December, the Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2002 costs and any variances from the amounts approved for 2002, both due to be filed with the Board by the end of February 2003. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2003 equal to 50 per cent of the budgets submitted.

3. *Foothills Pipelines Limited (Foothills) - Special Charge (File 4200-F006-3-1)*

On 31 January, foothills applied for approval of a Settlement Agreement entered into with the Canadian Association of Petroleum Producers with respect to the Special Charge and certain modifications to the existing cost of service methodology for fixing Foothills' tolls effective 1 November 2002.

On 7 February, the Board decided to seek comment of interested parties on the application. Parties had until 14 February to comment and Foothills until 20 February to reply to any comments received.

4. *TransCanada PipeLines Limited, BC System (TCPL) - Effective Rates and Charges (File 4775-T054-2003-1)*

On 12 December, TCPL applied for approval of the Effective a Rates and Charges to be applied for service on its BC System effective 1 January 2003 and for amendments to the BC System Gas Transportation Service Documents.

On 20 December, the Canadian Association of Petroleum Producers and Chevron Canada Resources filed complaints with respect to the application.

On 27 December, the Board decided to approved the Effective Rates and Charges as proposed in the application on an interim basis effective 1 January 2003 pending a final decision on the application.

Review

Review completed

1. *TransCanada PipeLines Limited (TCPL) - Review and Variance of Reasons for Decision RH-4-2001 - RH-R-1-2002 (File 4200-T001-18)*

Reasons for Decision dated February; issued on 20 February.

The Board decided that an application from TCPL for review and variance of the Board's June 2002 Decision regarding the Company's 2001 and 2002 Fair Return Application had not raised a doubt as to the correctness of the Board's 2002 Decision (RH-4-2001). The Board dismissed the application.

Amendments To Regulations And Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

2. *Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines*

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*).

The Board has been holding meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

4. *Canada Oil and Gas Diving Regulations and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to The Canada Labour Code

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the Canada Labour Code, Part II, is continuing. Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

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National Energy Board
Michel L. Mantha
Secretary

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada PipeLines Limited	File: 3400-T001-204 Order: XG-T001-03-2003	Application dated 28 October; approved on 31 January. Repair and replacement of cathodic protection systems at nine locations in Ontario.	910 000
	File: 3400-T001-206 Order: XG-T001-04-2003	Application dated 5 December; approved on 5 February. Install one launcher and two receivers at Compressor Stations 2, 9 and 17 in Saskatchewan.	2 000 000
	File: 3400-T001-208 Order: XG-T001-05-2003	Application dated 22 January; approved on 11 February. Conduct environmental sampling work at ten compressor plants.	731 000
	File: 3400-T001-209 Order: XG-T001-06-2003	Application dated 28 January; approved on 12 February. Conduct environmental sampling work at three compressor plants.	287 000
Westcoast Energy Inc.	File: 3400-W005-304 Order: XG-W005-07-2003	Application dated 31 January; approved on 28 February. Upgrade of Pointed Mountain Pipeline.	1 486 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

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In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of March 2003

Public Hearing Applications

Hearings Completed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel held a public hearing from 24 February to 19 March in Sidney, British Columbia on the GSX Canada Pipeline Project which would transport natural gas from Sumas, Washington to Vancouver Island. The proposed project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

2. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL) - EH-1-2003 (File 2200-N088-1)*

The Board held a public hearing on 24 March in Saint John, New Brunswick to consider an application by NB Power to construct and operate an IPL from the existing transmission terminal at the Point Lepreau Generating Station to a point on the Maine-New Brunswick border west of St. Stephen, New Brunswick.

Hearings in Progress

1. *TransCanada PipeLines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board is holding a public hearing which commenced on 26 February in Calgary, Alberta on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

2. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board will reconvene a public hearing on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The Board has already held public hearings on 18, 19 and 20 January 2001, 19 February 2001, and 18 to 23 October 2002 to deal with preliminary matters and motions.

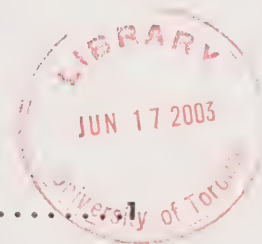
In This Issue

Preface

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Hearing Scheduled

1. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal - OH-1-2003 (File 3400-T002-56)*

The Board will hold a public hearing commencing on 9 June, at a location in Ontario or Québec to be announced at a later date, on an application from TNPI to increase the capacity on its pipeline system from Montréal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

Hearing Application Filed

1. *EnCana Ekwana Pipeline Inc. (EnCana) - Pipeline Construction (File 3200-E127-1)*

On 17 March, EnCana filed an application to construct a sweet natural gas pipeline from the EnCana Oil & Gas Partnership's Sierra Plant near Fort Nelson, British Columbia to a tie-in point on Nova Gas Transmission Ltd.'s northwest mainline, approximately four kilometres east of the Alberta/British Columbia border near Rainbow Lake, Alberta.

EnCana proposes to construct 82.5 kilometres (51 miles) of 610 millimetre (24 inch) natural gas pipeline, and associated facilities, during the winter of 2003/2004 with a proposed in-service date in April 2004. The estimated cost of the proposed project is \$50 million.

Non Hearing Applications

Electricity Matter

Matter Pending

1. *Montenay Inc. (Montenay) - Export of Electricity (File 6200-M141-1)*

On 19 March, Montenay filed an application for a permit to export up to 200,000 megawatt hours per year of firm or interruptible energy for a period of 10 years.

Frontier Matters

1. *Devlan Exploration Inc.* was given approval 3 March for the "Well Termination Record" for the well Tree River B-10 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations* (COGDR).
2. *Paramount Resources Ltd.* (Paramount) was given "Approval to Drill a Well" on 3 March pursuant to section 83.(1) of the COGDR for the well Cameron F-73.
3. *Anadarko Canada Corp.* (Anadarko) was given "Approval to Drill a Well" on 5 March pursuant to section 83.(1) of the COGDR for the well Arrowhead River K-35.
4. *Paramount* was given approval 6 March for the "Well Termination Record" for the well Cameron H-58 pursuant to section 203.(1) of the COGDR. *Paramount* was subsequently

given approval to "Alter the Condition of a Well" for Cameron H-58 pursuant to section 80.(1)(b) of the COGDR.

5. *Paramount* was given approval 11 March for the "Well Termination Record" for the well Cameron M-49 pursuant to section 203.(1) of the COGDR. *Paramount* was then given approval to "Alter the Condition of a Well" for Cameron M-49 pursuant to section 80.(1)(b) of the COGDR.
6. *Paramount* was granted "Approval to Alter the Condition of a Well" on 11 March for the well Cameron H-03 pursuant to 80.(1)(b) of the COGDR.
7. *Paramount* was granted "Approval to Alter the Condition of a Well" on 18 March for the well Cameron A-05 pursuant to 80.(1)(b) of the COGDR.
8. *Paramount* was granted "Approval to Alter the Condition of a Well" on 18 March for the well Cameron F-73 pursuant to 80.(1)(b) of the COGDR.
9. *Anadarko* was granted "Approval to Alter the Condition of a Well" on 18 March for the well West Bovie I-76 pursuant to 80.(1)(b) of the COGDR.
10. *Anadarko* was given approval 19 March for the "Well Termination Record" for the well SW Arrowhead M-35 pursuant to section

203.(1) of the COGDR. *Anadarko* was subsequently given approval to "Alter the Condition of a Well" for SW Arrowhead M-35 on 24 March pursuant to section 80.(1)(b) of the COGDR.

11. *Paramount* was given approval 27 March for the "Well Termination Record" for the well McKay Lakes K-36 pursuant to section 203.(1) of the COGDR.

12. *Canadian Natural Resources* was given "Approval to Drill a Well" on 28 March pursuant to section 83.(1) of the COGDR for the well Fort Liard 3P-66B.

13. *Geological, geophysical or geotechnical operation* - one application was approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

2. *Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.) , Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2003 Operating and Maintenance Expense Budgets (File 4750-F6-2-1)*

On 27 March, the Board approved an application dated 3 December from Foothills, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2003.

3. *Terasen Pipelines (Trans Mountain) Inc. (Terasen) - Final 2003 Tolls (4200-T004-10)*

On 13 March, the Board approved an application dated 6 March from Terasen for final tolls for 2003.

4. *Trans-Northern Pipelines Inc. (Trans-Northern) - Final 2003 Tolls (4200-T002-10)*

On 18 March, the Board approved an application dated 28 February from Trans-Northern for final tolls for 2003.

Company	Area	Operation ID	Date
Devon Canada Corporation	Beaufort Sea	9438-D031-001E	25 March

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls And Tariff Matters

Matters Completed

1. *Foothills Pipelines Limited (Foothills) - Special Charge (File 4200-F006-3-1)*

On 6 March, the Board approved an application dated 31 January from Foothills for approval of a Settlement Agreement entered into with the Canadian Association of Petroleum Producers with respect to the Special Charge and certain modifications to the existing cost of service methodology for fixing Foothills' tolls effective 1 November 2002.

Matters Pending

5. *TransCanada PipeLines Limited, BC System (TCPL) - Effective Rates and Charges (File 4775-T054-2003-1)*

On 12 December, TCPL applied for approval of the Effective a Rates and Charges to be applied for service on its BC System effective 1 January 2003 and for amendments to the BC System Gas Transportation Service Documents.

On 20 December, the Canadian Association of Petroleum Producers and Chevron Canada Resources filed complaints with respect to the application. On 27 December, the Board decided to approved the Effective Rates and Charges as proposed in the application on an interim basis effective 1 January 2003 pending a final decision on the application.

Appeal and Review

Appeal

1. TransCanada PipeLines Limited (TCPL) – NEB Decision RH-R-1-2002

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002 Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application.

Review

1. GSX Concerned Citizens Coalition's (GSXCCC) - Westcoast Energy Inc.'s Southern Mainline Expansion – GH-2-2002 (File3200-W005-12-R)

On 26 March, the Board dismissed GSXCCC's February 2003 application for a review of a Board decision in September 2002. The decision in question denied a GSXCCC request for additional environmental information and analysis regarding a proposed expansion of Westcoast Energy Inc.'s Southern Mainline natural gas pipeline system. GSXCCC also asked the Board to rescind its decision of January 2003 to approve the Southern

Mainline Expansion. The Board decided that a review was not warranted because GSXCCC had not raised a doubt as to the correctness of the decisions.

In its application for review, GSXCCC asked the Board to (i) review its decision dated 5 September 2002 denying a motion by GSXCCC concerning unanswered information requests as it relates to the end use of the gas transported by the project, and (ii) rescind the Board's decision of January 2003 on the Southern Mainline Expansion and to rehear the application to address the evidence and issues that were not previously addressed.

The Southern Mainline Expansion project, which the Board approved in January 2003, involves the construction of approximately 55 kilometres (34 miles) of natural gas pipeline in six loop segments along the route of the existing Southern Mainline. It also includes the upgrade and construction of additional facilities at several compressor stations and installation metering facilities at Westcoast's Huntingdon Meter Station at the Canada/United States border.

Amendments To Regulations And Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

2. *Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines*

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has been held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

4. *Canada Oil and Gas Diving Regulations and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to The Canada Labour Code

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

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National Energy Board
Michel L. Mantha
Secretary

For information:

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Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
EnCana Oil & Gas Co. Ltd.	File: 3400-E126-1 Order: XG-E126-08-2003	Application dated 20 December; approved on 4 March. Construct 5.4 kilometres of pipeline – the Tupper South Gas Pipeline Project.	1 250 000
Regent Resources Ltd.	File : 3400-R040-1 Order : XG-R040-10-2003	Application dated 10 December; approved on 13 March. Construct 701 metres of pipeline across the Alberta/Montana border.	100 000
Taurus Exploration Ltd.	File: 3400-T097-1 Order: XG-T097-09-2003	Application dated 3 December; approved on 12 March. Construct 700 metres of sour natural gas pipeline across the BC/Alberta border.	270 000
TransCanada PipeLines Limited	File: 3400-T001-211 Order: XG-T001-13-2003	Application dated 26 February; approved on 28 March. Repair and replace cathodic protection systems at 23 locations.	642 800
Westcoast Energy Inc.	File: 3400-W005-306 Order: XG-W005-11-2003	Application dated 24 February; approved on 17 March. Reactivate the Kotcho pipeline.	335 000
	File: 3400-W005-302 Order: XG-W005-12-2003	Application dated 21 November; approved on 18 March. Replace seven kilometers of pipeline in the Pine Pass area.	11 285 000
	File: 3400-W005-300 Order: XG-W005-14-2003	Application dated 21 November; approved on 31 March. Install filters on the Kwoen re-injection pipeline.	600 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Resolution Resources Ltd.	File: 3400-R042-1 Order: XO-R042-02-2003	Application dated 16 January; approved on 18 March. Construct 0.58 kilometre of pipeline from Saskatchewan to Alberta.	82 300
Taurus Exploration Ltd.	File: 3400-T097-1 Order: XG-T097-01-2003	Application dated 3 December; approved on 12 March. Construct 700 metres of sour oil pipeline across the BC/Alberta border.	Cost included in the sour natural gas pipeline above
Trans Mountain Pipe Line Company Ltd.	File: 3400-T004-85 Order: XO-T004-03-2003	Application dated 10 October; approved on 24 March. Twelve projects.	2 363 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Government Publications

30 April 2003

Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of April 2003

Annual Report for the year 2002

On 28 April, the Honourable Herb Dhaliwal, Minister of Natural Resources Canada, tabled in Parliament the Board's Annual Report for the year 2002. A copy of the report is available on the

Board's Internet site at www.neb-one.gc.ca under the heading *Publications*.

Focus On Safety – A Comparative Analysis Of Pipeline Safety Performance

On 29 April, the Board released its first report on the safety performance of companies under its jurisdiction entitled *Focus on Safety – A Comparative Analysis of Pipeline Safety Performance*.

The report provides details on the safety performance of NEB-regulated oil and gas pipelines for the periods from 01 January 2000 to 31 December 2000 and from 01 January 2001 to 31

December 2001. The data is limited to companies regulated under the *National Energy Board Act* and does not include performance data on pipelines carrying anything other than hydrocarbon liquids or natural gas. The report can be found on the Board's internet site under *Safety and Environment, Safety Performance Indicators*.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c. N-7, as amended.

*"We promote Safety,
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Economic Efficiency"*

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Public Hearing Applications

Hearings Completed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel held a public hearing from 24 February to 19 March in Sidney, British Columbia on the GSX Canada Pipeline Project which would transport natural gas from Sumas, Washington to Vancouver Island. The proposed project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

2. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL) – EH-2-2002 (File 2200-N088-1)*

The Board held a public hearing on 24 March in Saint John, New Brunswick to consider an application by NB Power to construct and operate an IPL from the existing transmission terminal at the Point Lepreau Generating Station to a point on the Maine-New Brunswick border west of St. Stephen, New Brunswick.

Hearings in Progress

1. *TransCanada PipeLines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board is holding a public hearing which commenced on 26 February in Calgary, Alberta on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

2. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board will reconvene a public hearing on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed

230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The Board has already held public hearings on 18, 19 and 20 January 2001, 19 February 2001, and 18 to 23 October 2002 to deal with preliminary matters and motions.

Hearings Scheduled

1. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal - OH-1-2003 (File 3400-T002-56)*

The Board will hold a public hearing commencing on 9 June in Ottawa, Ontario on an application from TNPI to increase the capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

2. *EnCana Ekwan Pipeline Inc. (EnCana) – Pipeline Construction (File 3200-E127-1)*

The Board will hold a public hearing commencing on 28 July, at a location to be announced, on an application from EnCana to construct a sweet natural gas pipeline. The proposed pipeline would run from the EnCana Oil & Gas Partnership's Sierra Plant near Fort Nelson, British Columbia to a tie-in point on Nova Gas Transmission Ltd.'s northwest mainline, approximately four kilometres east of the Alberta/British Columbia border near Rainbow Lake, Alberta. EnCana Ekwan proposes to construct 82.5 kilometres (51 miles) of 610 millimetre (24 inch) natural gas pipeline, and associated facilities, during the winter of 2003/2004 with a proposed in-service date in April 2004. The estimated cost of the proposed project is \$55 million.

Non Hearing Applications

Electricity Matters

Matters Pending

1. *Montenay Inc. (Montenay) – Export of Electricity (File 6200-M141-1)*

On 19 March, Montenay applied for approval to export up to 200,000 megawatt hours per year of firm or interruptible energy for a period of 10 years.

2. *USGen New England, Inc. (USGen) – Export of Electricity (File 6200-U063-1)*

On 23 April, USGen applied for approval to export up to 4 380 gigawatt hours of firm energy and 4 380 gigawatt hours of interruptible energy per year for a period of 10 years.

Frontier Matters

1. *Anadarko Canada Corporation* was given approval on 1 April for the "Well Termination Record" for the Anadarko West Bovie I-76 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations* (COGDR).
2. *Canadian Forest Oil Ltd.* was given approval on 1 April to drill the well for Cdn Forest et al Mount Coty 2K-02 pursuant to section 83.(1) of the COGDR.
3. *Chevron Canada Resources* (Chevron) was given approval on 2 April to construct the 2/K-29 Tie-in of the Liard Field pursuant to paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act*.
4. *Chevron* was given approval on 4 April to test and flare natural gas from the well Chevron et al Langley K-30 pursuant to section 196.(2) of the COGDR and section 33.(5) of the *Canada Oil and Gas Production and Conservation Regulations* (COGPCR).
5. *Paramount Resources Ltd.* (Paramount) was given approval on 4 April for the "Well Termination Record" for the Para et al Nogha M-17 well pursuant to section 203.(1) of the COGDR.

6. *Paramount* was issued a Production Operations Authorization on 4 April for the oil and gas well tie-ins and facilities constructed in early 2003 at the Cameron Hills Field, NWT pursuant to Section 9 of the COGPCR.
7. *Chevron* was issued a Production Operations Authorization on 25 April for the 2/K-29 Well Tie-in of the Liard Field pursuant to Section 9 of the COGPCR.
8. *Paramount* - A Declaration of a Significant Discovery was made on 30 April pursuant to Part II.1, Section 28.2 of the *National Energy Board Act* and Part III, Section 28 of the *Canada Petroleum Resources Act* for the Paramount Anadarko Bovie J-76 Well.

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls and Tariff Matter

Matter Completed

1. *Enbridge Pipelines Inc. (Enbridge) – Final 2003 Tolls (File 4200-E101-4)*

On 8 April, the Board approved an application dated 21 March from Enbridge for approval of final tolls for the year 2003.

Appeal

1. *TransCanada Pipelines Limited (TCPL) – NEB Decision RH-R-1-2002*

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002 Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the *National Energy Board Act*

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

2. *Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines*

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the *Canada Oil and Gas Operations Act*

4. *Canada Oil and Gas Diving Regulations and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations (File 0406-14)*

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Regulatory Initiatives Pursuant to the *Canada Labour Code*

6. *Regulations and Guidance Notes pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

Appointments

Mr. John McCarthy was appointed Business Leader, Commodities after seven years as Business Leader, Operations. Mr. McCarthy has held a variety of positions with the Board including Director, Pipeline Engineering Branch, and Chief Engineer. He holds a Bachelor of Engineering degree in Mechanical Engineering from Carleton University and a Master of Business Administration from the University of Calgary.

The Commodities Business Unit develops guidelines and regulations relating to Part VI of the *National Energy Board Act*. The unit assesses and processes applications for oil, natural gas and electricity exports, and for the construction and operation of international and interprovincial electric power lines. It is also responsible for energy market analysis and advice, reserves assessments, supply projections, and liaison with governments, industry and energy associations.

Mr. Gregory Lever was appointed to the position of Business Leader, Operations. Mr. Lever will be joining the Board on 26 May 2003 for a period of two years on the basis of an exchange agreement between the Board and Petro-Canada.

Mr. Lever has held managerial and engineering positions from 1970 to the present, primarily with Shell Canada and Petro-Canada. His most recent position at Petro-Canada was Technical Service Manager for the Terra Nova offshore development in St. John's, Newfoundland and Labrador. He has been instrumental in developing the oil and gas industry in Newfoundland and is involved in the development of drilling, safety and operating standards for Canada's offshore environment. Mr. Lever holds a Master of Science degree in Civil Engineering Structures and a B.Sc. Civil Engineering from the University of Alberta.

The Operations Business Unit is responsible, with respect to pipelines, for health, safety and environmental monitoring and enforcement, accident investigation, and emergency response. The unit develops guidelines and regulations related to the *National Energy Board Act*, the *Canada Oil and Gas Operations Act*, and the *Canada Petroleum Resources Act*. Its Frontier responsibilities involve regulation of geophysical and geological programs, information management, resource assessments, environmental aspects of applications, inspection, accident investigation, and advice to Indian and Northern Affairs Canada. The unit also provides engineering services to the Northern Pipeline Agency.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Petroleum Transmission Company	File: 3400-P015-19 Order: XG-P015-17-2003	Application dated 26 February; approved on 22 April. Install an in-line-tool launcher and an in-line-tool receiver on the Cochin Spur Line southeast of Regina.	50 000
TransCanada PipeLines Limited – BC System	File: 3400-T054-6 Order: XG-T054-16-2003	Application dated 31 March; approved on 17 April. Remove and replace asbestos-coated flashing from the exterior of five buildings at the Crowsnest Compressor Station.	50 000
TransCanada PipeLines Limited	File: 3400-T001-213 Order: XG-T001-18-2003	Application dated 8 April; approved on 24 April. Contaminant Sampling and Remediation Program at 16 compressor stations.	359 000
Westcoast Energy Inc.	File: 3400-W005-302 Order: XG-W005-15-2003	Application dated 21 February; approved on 11 April. Replace two sections of the Fort Nelson Mainline at Jackfish Creek.	1 994 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-54 Order: XO-E101-04-2003	Application dated 18 February; approved on 10 April. Deactivate 1.08 kilometres of pipe in Edmonton, Alberta.	Not applicable.
	File: 3400-E101-57 Order: XO-E101-05-2003	Application dated 18 March; approved on 17 April. Install station piping and manifold connections for new crude oil handling facilities in Hardisty, Alberta.	5 258 000

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of May 2003

Public Hearing Applications

Decision Rendered

1. *New Brunswick Power Corporation (NB Power) - International Power Line (IPL) - EH-1-2003 (File 2200-N088-1)*

On 29 May, the Board approved an application by NB Power to construct and operate a 95.5 kilometre, 345 kV international power line from the existing transmission terminal at the Point Lepreau Generating Station to a point on the Maine-New Brunswick border west of St. Stephen, NB.

The Board considered the application at a public hearing held on 24 March in Saint John, New Brunswick.

Hearings Completed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

The Joint Review Panel held a public hearing from 24 February to 19 March in Sidney, British Columbia on the GSX Canada Pipeline Project

which would transport natural gas from Sumas, Washington to Vancouver Island. The proposed project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

2. *TransCanada PipeLines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board held a public hearing from 26 February to 16 May in Calgary, Alberta on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

Hearing in Progress

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The Board is holding a public hearing which commenced on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford.

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Hearings Scheduled

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The Board will hold a public hearing commencing on 9 June in Ottawa, Ontario on an application from TNPI to increase the capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

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Non Hearing Applications

Electricity Matters

Matters Pending

1. *Montenay Inc. (Montenay) - Export of Electricity (File 6200-M141-1)*

On 19 March, Montenay applied for approval to export up to 200,000 megawatt hours per year of firm or interruptible energy for a period of 10 years.

2. *USGen New England, Inc. (USGen) - Export of Electricity (File 6200-U)*

On 23 April, USGen applied for approval to export up to 4 380 gigawatt hours of firm energy and 4 380 gigawatt hours of interruptible energy per year for a period of 10 years.

Frontier Matter

1. *Petro Canada* was given approval 8 May for the A Well Termination Record for the well PC Devon Nuna I-30 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.

Pipeline Matter

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Appeal

Appeal

1. *TransCanada PipeLines Limited (TCPL) - NEB Decision RH-R-1-2002*

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002

Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application. In May, the Federal Court of Appeal granted TCPL leave to appeal.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

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Administrative Matters

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Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Petrovera Resources Ltd.	File: 3400-P112-1 Order : XG-P112-21-2003	Application dated 8 April; approved on 30 May. Construct 3.64 kilometres of raw non-sour gas line and related facilities in the Lone Rock area of Saskatchewan to Alberta.	394 000
TransCanada PipeLines Limited	File: 3400-T001-212 Order: XG-T001-19-2003	Application dated 6 March; approved on 22 May. Pipe replacement crossing the North Trout Creek in northwestern Ontario.	325 000
Westcoast Energy Inc.	File: 3400-W005- 308 Order: XG-W005-20-2003	Application dated 2 May; approved on 22 May. Four casing upgrades, two on the Alaska Highway Pipeline and two on the Kobes Creek Lateral pipeline.	60 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	Files: 3400-E101-44-2 and 3400-E101-44-3 Order: AO-2-XO-E101-5-2002	Two applications dated 11 March; approved on 23 May. Construct electrical control buildings and expand the fenced compounds at Line 9 Valves 42, 43, 44 and 45 and Line 9 Grand River Valve.	1 215 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of June 2003

A Guide for Landowners and the Public

On 4 June, the Board published an information document entitled *Pipeline Regulation in Canada, A Guide for Landowners and the Public*.

The Board has produced the guide to help landowners and the public to get answers about a pipeline project that may affect them or their community. The publication should assist in understanding the regulatory process that pipeline projects must go through before they can be built.

It describes the Board's role in regulating a pipeline over its entire life cycle - from the early planning and design stages through to abandonment. For those interested in participating in the decision-making process for a pipeline project, this guide will serve as a reference. Sections of this guide are arranged to reflect the "life cycle of a pipeline" so that persons can easily follow each step of the process.

The Maritimes Natural Gas Market An Overview and Assessment

On 12 June, the Board published an Energy Market Assessment report entitled *The Maritimes Natural Gas Market - An Overview*. The intent of the report is i) to provide an assessment of the functioning of the natural gas market in the Maritimes; and ii) to provide an objective discussion of the issues facing this market. The Board concluded that the Maritimes natural gas market is working as well as could be expected, given its features and early stage of development

The Board decided to conduct its assessment following a hearing in Fredericton, New Brunswick last summer when it considered the application by the Province of New Brunswick to establish new rules for short-term exports of incremental Scotian offshore natural gas. While the Board decided it would not implement procedures that would unduly interfere with the normal operation of the natural gas market, it made a commitment to enhance its monitoring efforts of the gas market in Maritime Canada.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Energy Supply And Demand In Canada

The Board released its long-term outlook for energy supply and demand in Canada entitled *Canada's Energy Future: Scenarios for Supply and Demand to 2025*. The report looks at the future of energy within the context of environmental, technological and societal trends.

This report captures a range of plausible outcomes for energy supply and demand in Canada. A key objective of the Board in adopting a scenario

approach was to stimulate informed discussion among Canadians about our energy choices. The report identifies the issues, constraints and uncertainties affecting energy supply and demand in Canada. In conducting its analysis, the Board determined the pace of technological progress and action on the environment as the two key forces that will shape Canada's energy future.

Public Hearing Applications

Hearings Completed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

On 23 June, the Joint Review Panel heard oral arguments in Nanaimo, British Columbia on a Motion filed by the GSX Concerned Citizens Coalition (GSXCCC) on 4 June. In part, GSXCCC is asking the Joint Review Panel for a decision to ask Centra Gas British Columbia Inc. (now Terasen Gas (Vancouver Island) Inc.) to file certain evidence regarding its existing natural gas pipeline system from the mainland to Vancouver Island.

The Joint Review Panel held a public hearing from 24 February to 19 March in Sidney, British Columbia on the GSX Canada Pipeline Project which would transport natural gas from Sumas, Washington to Vancouver Island. The proposed project is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

2. *TransCanada Pipelines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board held a public hearing from 26 February to 16 May in Calgary, Alberta on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

3. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal - OH-1-2003 (File 3400-T002-56)*

The Board held a public hearing from 9 to 13 June in Ottawa, Ontario on an application from TNPI to increase the capacity on its pipeline system from Montreal, Quebec to Farran's Point, Ontario and to

reverse the direction of flow in the pipeline section between Farran's Point to Toronto, Ontario.

Hearing in Progress

1. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board is holding a public hearing which commenced on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford.

Hearing Scheduled

1. *EnCana Ekwana Pipeline Inc. (EnCana) - Pipeline Construction (File 3200-E127-1)*

The Board will hold a public hearing commencing on 28 July in Fort St. John, British Columbia on an application from EnCana to construct 82.5 kilometres (51 miles) of 610 millimetre (24 inch) natural gas pipeline, and associated facilities from British Columbia to Alberta.

Other

1. *Mackenzie Gas Project Preliminary Information Package*

On 30 June, the parties to the *Cooperation Plan for the Environmental Impact Assessment and Regulatory Review of a Natural Gas Pipeline Project through the Northwest Territories* (June 2002) announced that the Preliminary Information Package (PIP) submitted by the proponents of the Mackenzie Gas Project has been evaluated and accepted as complete.

The PIP signals the intent of the proponents to proceed with regulatory applications for a large natural gas project in the Northwest Territories. The PIP outlines the project development plans, including: natural gas field development in the Mackenzie River Delta, gathering lines, processing and transportation of gas south through the Mackenzie Valley to northern Alberta.

The review process for this project is outlined in the Cooperation Plan. The PIP will be used to initiate the review steps under the *Canadian*

Environmental Assessment Act and the environmental screening process under the Inuvialuit Final Agreement. Once permit applications are filed, the review process under the *Mackenzie Valley Resource Management Act* will also be initiated.

This "made in the North" approach ensures that the environmental impact assessment and regulatory processes will be rigorous, comprehensive, and coordinated and will address the needs of northerners and all Canadians.

Non Hearing Applications

Electricity Matters

Matters Pending

1. Avista Energy, Inc. (Avista) – Electricity Export (File 6200-A161-1)

On 30 June, Avista applied for approval to export up to 500 megawatts of firm power and up to 600 megawatts of firm and interruptible power per year and up to 2 500 megawatt hours of interruptible energy and up to 47 500 megawatt hours of firm energy per year for a period of 10 years.

2. Duke Energy Marketing Canada Corp. (Duke) – Electricity Export (File 6200-D068-1)

On 13 June, Duke applied for approval to export up to 1 000 megawatts of interruptible power and up to 2 000 gigawatt hours of either firm or interruptible energy per year for 10 years.

3. Montenay Inc. (Montenay) – Export of Electricity (File 6200-M141-1)

On 19 March, Montenay applied for approval to export up to 200,000 megawatt hours per year of firm or interruptible energy for a period of 10 years.

4. Northern States Power Company (NSPC) - Export of Electricity (File 6200-N099-1)

On 16 June, NSPC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

5. Public Service Company of Colorado (PSCC) – Export of Electricity (File 6200-P114-1)

On 16 June, PSCC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

6. USGen New England, Inc. (USGen) – Export of Electricity (File 6200-U063-1)

On 23 April, USGen applied for approval to export up to 4 380 gigawatt hours of firm energy and 4 380 gigawatt hours of interruptible energy per year for a period of 10 years.

Frontier Matter

1. *Devlan Exploration Inc.* was given approval on 4 June for the Well Termination Records for the wells Tree River C-36, Tree River B-10, Ontaratue River D-39, and Thunder River N-73 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations* (GOGDR).
2. *Anadarko Canada Corporation* was given approval on 9 June for the Well Termination Record for the well Liard P-16 pursuant to section 203.(1) of the COGDR.
3. *BP Canada Energy Ltd.* was given approval on 13 June to abandon wells A-1 Pointed Mountain P-53A, A-2A Pointed Mountain K-45A, A-3 Pointed Mountain G-62 and A-4 Pointed Mountain A-55 pursuant to 80.(1)(b) of the COGDR.
4. *Chevron Canada Resources* was given approval on 23 June for the Well Termination Record for the well Langley K-30 pursuant to section 203.(1) of the COGDR.

5. *Paramount Resources Ltd* was given approval on 23 June for the Well Termination Record for the well Cameron F-75 pursuant to section 203.(1) of the COGDR.

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Toll, Traffic and Tariff Matter

1. *TransCanada PipeLines Limited (TCPL) – First Report of the 2003 Tolls Task Force* (File 4775-T001-1/03-1)

On 18 June, the Board approved the following 2003 Tolls Task Force Resolutions:

Resolution 01.2003 – Business Process Integration Sub-Committee

Resolution 02.2003 – Consumer's Gas Company Ltd. Name Change

Appeal

Appeal

1. *TransCanada PipeLines Limited (TCPL) – NEB Decision RH-R-1-2002*

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002 Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application. In May, the Federal Court of Appeal granted TCPL leave to appeal.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

2. *Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines*

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations (File 185-A000-36)*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has been held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

4. *Canada Oil and Gas Diving Regulations and Guidance Notes (File 2001-1)*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations (File 0406-14)*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to the Canada Labour Code

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

Appointment

On 6 June, Mr. Gaétan Caron, a temporary Member of the National Energy Board, was appointed to full-time Board Member for a term of seven years. Mr. Caron began work at the Board in 1979 as a pipeline engineer. His career at the Board included the management positions of Director, Pipeline Engineering Branch, Director, Financial Regulation Branch, and since 1994 as the Board's Chief Operating Officer.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

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www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
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Secretary

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada PipeLines Limited	File: 3400-T001-214 Order: XG-T001-22-2003	Application dated 8 April; approved on 9 June. Containment and Infrastructure Upgrade Program on Compressor Stations Nos. 25, 62, 75, 105, 130 and 148.	364 000
TransCanada PipeLines Limited –	File: 3400-T054-7 Order: XG-T054-23-2003	Application dated 30 April; approved on 26 June. Remove two underground fuel storage tanks and related facilities from the Crowsnest Compressor Station.	50 000
BC System Westcoast Energy Inc.	File : 3400-W005-307 Order : XG-W005-24-2003	Application dated 6 March; approved on 26 June. Provide for producer taps on the Fort Nelson, Fort St. John and Grizzly Valley Transmission Systems.	1 200 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Ltd.	File: 3400-E101-55 Order: XO-E101-06-2003	Application dated 7 March; approved on 4 June. Twelve projects.	5 541 800
Montreal Pipe Line Limited	File : 3400-M003-27 and 28 Order : XO-M003-08-2003	Applications dated 16 May; approved on 20 June. Deactivate the delivery line servicing Shell Canada Limited's Montreal-East Refinery and the delivery lines to Ultramar Canada's terminal in Montreal-East in the province of Quebec.	70 000
Terasen Pipelines (Trans Mountain) Inc.	File: 3400-T099-4-2 Order: XO-T099-07-2003	Application dated 9 April; approved on 10 June. Application for new Order for the Hidden Creek Bridge Upgrade, as the original Order XO-T004-35-2001, authorizing the construction, expired.	N/A
	File : 3400-T099-2 Order : XO-T099-09-2003	Application dated 3 March; approved on 25 June. Application for new Order for the Blue river Containment Project, as the original Order XO-T004-35-2001, authorizing the construction, expired.	N/A
	File : 3400-T099-1 Order : XO-T099-10-2003	Application dated 10 October; approved on 27 June. Coldwater River crossing replacement and Dominion Creek crossing widening in British Columbia.	2 181 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of June 2003

Guidelines for Appropriate Dispute Resolution

On 18 July, the Board released guidelines for its Appropriate Dispute Resolution (ADR) program. The ADR program has been under development since early 2002. ADR is generally viewed as a collection of tools and techniques that can be used to reach resolution on an issue in addition to the Board's traditional regulatory process.

The ADR techniques are a series of options; any option may be appropriate, depending on the circumstances. The Board has chosen the term

appropriate dispute resolution to highlight the importance of using appropriate techniques in any given situation.

In the fall of 2002, the Board released a discussion paper and received written comments from 17 parties and participated in 14 meetings to share information and gather feedback on the initiative. The comments and feedback came from the public, industry, government and professional associations.

Public Hearing Applications

Decision Rendered

1. *TransCanada PipeLines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)*

The Board held a public hearing from 26 February to 16 May in Calgary, Alberta on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

The Board released its Reasons for Decision on 31 July. The Board approved, among other things, the following:

- an average rate base of \$8.57 billion;
- a net revenue requirement of approximately \$1.9 billion;
- the establishment of a new Southwest Tolling Zone;

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c. N-7, as amended.

*"We promote Safety,
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- an increase to the minimum bid floor price for interruptible transportation service from 80 to 110 percent of the 100 percent load factor Firm Transportation toll;
- a depreciation rate of approximately 3.42 percent; and,
- an interim Firm Transportation toll to the Eastern Zone which is expected to be slightly below the current interim toll of \$1.203 per gigajoule approved by the Board in January 2003.

The exact level of the composite depreciation rate, revenue requirement and tolls will be confirmed upon approval of TCPL's compliance tolls filing.

The Board has decided that the tolls will remain interim pending the disposition of TCPL's appeal of the RH-R-1-2002 Decision to the Federal Court of Appeal. In its RH-R-1-2002 Decision, the Board dismissed TCPL's September 2002 request for review and variance of the Board's June 2002 RH-4-2001 Decision on TCPL's Fair Return Application. Further, the Board has decided that the level of the interim tolls should be changed to reflect the Board's RH-1-2002 Decision and the illustrative return contained in the 2003 Tolls Application. The illustrative return includes a rate of return on common equity of 9.79 percent on a deemed common equity ratio of 33 percent, which is in accordance with the adjustment mechanism approved in the Board's Multi-Pipeline Cost of Capital Decision (RH-2-94) and its RH-4-2001 Decision.

Hearings Completed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

On 30 July, the Joint Review Panel for the GSX Canada Pipeline released its report and recommended that the GSX Canada Pipeline project proceed to the next level of decision making. The Panel concluded that the project is not likely to result in significant adverse environmental effects provided its recommendations are implemented and appropriate mitigation identified during the course of the review is applied.

The report describes the results of the Panel's review of an application by Georgia Strait Crossing Pipeline Limited to construct and operate the

Canadian portion of the Georgia Strait Crossing Project, a new natural gas pipeline from Sumas, Washington to Vancouver Island. The proposed pipeline is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

The Government of Canada will now consider the Panel's recommendations on the GSX Canada Pipeline project and prepare a response.

The joint panel review was conducted under the *Canadian Environmental Assessment Act* and the *National Energy Board Act*. The review was carried out in accordance with an agreement between the federal Minister of the Environment and the Board. The review included a public hearing that was held in Sidney, British Columbia from February 24 to March 19, 2003.

2. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal - OH-1-2003 (File 3400-T002-56)*

The Board held a public hearing from 9 to 13 June in Ottawa, Ontario on an application from TNPI to increase the pipeline capacity on its petroleum products pipeline system from Montréal, Quebec to Farran's Point near Ingleside, Ontario and to reverse the direction of flow between Farran's Point and the Clarkson Junction in Mississauga, Ontario.

3. *EnCana Ekwana Pipeline Inc. (EnCana) - Pipeline Construction (File 3200-E127-1)*

The Board held a public hearing on 28 and 29 July in Fort St. John, British Columbia on an application from EnCana to construct 82.5 kilometres (51 miles) of 610 millimetre (24 inch) natural gas pipeline, and associated facilities from British Columbia to Alberta.

Hearings in Progress

1. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board is holding a public hearing which commenced on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The hearing was adjourned on 11 July and will reconvene on 15 September for final arguments.

2. ***Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003 (File 3400-T002-57)***

The Board is holding a public hearing, by way of written submissions, on an application from TNPI to relocate one section and lower two other sections of its 406.4 millimetre (16 inch) refined petroleum products pipeline. This application is made in order to accommodate the construction of the Red Hill Creek Expressway in King's Forest Park in Hamilton, Ontario.

Other

1. ***Mackenzie Gas Project***

On 18 July, the Board, pursuant to the *Canadian Environmental Assessment Act* (CEAA), referred the Mackenzie Gas Project to the federal Minister of the Environment for consideration by a review panel.

On 30 June, the parties to the *Cooperation Plan for the Environmental Impact Assessment and Regulatory*

Review of a Natural Gas Pipeline Project through the Northwest Territories (June 2002) announced that the Preliminary Information Package (PIP) submitted by the proponents of the Mackenzie Gas Project has been evaluated and accepted as complete.

The PIP signals the intent of the proponents to proceed with regulatory applications for a large natural gas project in the Northwest Territories. The PIP outlines the project development plans, including: natural gas field development in the Mackenzie River Delta, gathering lines, processing and transportation of gas south through the Mackenzie Valley to northern Alberta.

The review process for this project is outlined in the Cooperation Plan. The PIP will be used to initiate the review steps under the CEAA and the environmental screening process under the Inuvialuit Final Agreement. Once permit applications are filed, the review process under the *Mackenzie Valley Resource Management Act* will also be initiated.

Non Hearing Applications

Electricity Matters

Matter Completed

1. ***Montenay Inc. (Montenay) – Export of Electricity (File 6200-M141-1)***

On 26 June, the Board approved an application dated 19 March from Montenay for permits to export up to 25 megawatts of interruptible power and up to 200 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

Matters Pending

2. ***Avista Energy, Inc. (Avista) – Electricity Export (File 6200-A161-1)***

On 30 June, Avista applied for approval to export up to 2 500 megawatt hours of interruptible energy and up to 47 500 megawatt hours of firm energy per year for a period of 10 years.

3. ***Duke Energy Marketing Canada Corp. (Duke) – Electricity Export (File 6200-D068-1)***

On 13 June, Duke applied for approval to export up to 1 000 megawatts of interruptible power and

up to 2 000 gigawatt hours of either firm or interruptible energy per year for 10 years.

4. ***Northern States Power Company (NSPC) - Export of Electricity (File 6200-N099-1)***

On 16 June, NSPC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

5. ***Public Service Company of Colorado (PSCC) – Export of Electricity (File 6200-P114-1)***

On 16 June, PSCC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

6. ***USGen New England, Inc. (USGen) – Export of Electricity (File 6200-U063-1)***

On 23 April, USGen applied for approval to export up to 4 380 gigawatt hours of firm energy and 4 380 gigawatt hours of interruptible energy per year for a period of 10 years.

Frontier Matters

1. *Paramount Resources Ltd.* (Paramount) was given approval on 3 July for the "Well Termination Record" for the well Cameron K-74 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations* (COGDR).
2. *Anadarko Canada Corporation* was given approval on 3 July for the "Well Termination Record" for the wells Arrowhead River I-75 and Arrowhead River O-38 pursuant to section 203.(1) of the COGDR.
3. *Paramount* was given approval on 10 July for the "Well Termination Record" for the wells Nogha C-49 and Cameron D-49 pursuant to section 203.(1) of the COGDR.
4. *Chevron Canada Resources* was given approval on 17 July to Alter Condition of a Well for the well Liard M-25 pursuant to section 80.(1)(b) of the COGDR.
5. *Paramount* was given approval on 17 July for the "Well Termination Record" for the well Cameron M-49 pursuant to section 203.(1) of the COGDR.
6. *Paramount* was given approval on 31 July for the "Well Termination Record" for the well Cameron F-73 pursuant to section 203.(1) of the COGDR.
7. *Geological, geophysical or geotechnical operation authorization*: one application was approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
EnCana Corporation	Liard	9228-E043-001E	14 July

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the *National Energy Board Act*

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times and improve communication with stakeholders.

2. *Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines*

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has been held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the *Canada Oil and Gas Operations Act*

4. *Canada Oil and Gas Diving Regulations and Guidance Notes*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to the *Canada Labour Code*

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

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Applications - Copies Required to be Filed

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National Energy Board
Michel L. Mantha
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Foothills Pipe Lines Ltd.	File: 3400-F006-43 Order: XG-F006-25-2003	Application dated 13 March; approved on 3 July. Excavate, inspect and recoat approximately 300 metres of pipe on the Foothills Pipe Line (South B.C.) Ltd. pipeline.	700 000
ConocoPhillips Canada Limited	File: 3400-C216-1 Order: XG-C216-31-2003	Application dated 12 June; approved on 14 July. Remove and replace two valves near Brandon, Manitoba.	60 000
Many Islands Pipe Line Ltd.	File: 3400-M029-36 Order: XG-M029-24-2003	Application dated 27 June; approved on 14 July. Construct a tie-in riser.	18 950
Sierra Production Company	File: 3400-S103-1 Order: XG-S103-32-2003	Application dated 14 April; approved on 18 July. Construct a 1.97 kilometre pipeline from Aden, Alberta to the Canada/United States border.	168 600
Taurus Exploration (Canada) Ltd.	File: 3400-T097-2 Order: XG-T097-34-2003	Application dated 10 June; approved on 24 July. Construct a tie-in to the Boundary Lake Pipeline.	25 000
Terasen PipeLines (Trans Mountain) Inc.	File: 3400-T099-3 Order: XG-T099-28-2003	Application dated 11 March; approved on 10 July. Fraser River Crossing Pipeline Replacement Project.	11 500 000
TransCanada PipeLines Limited, BC System	File: 3400-T054-8 Order: XG-T001-26-2003	Application dated 27 May; approved on 7 July. Repair a section of exposed pipeline across Stone Creek.	600 000
TransCanada PipeLines Limited	Files: 3400-T001-215, 216, 217, 218 Order: XG-T001-27-2003	Applications dated 23 and 29 April; approved on 9 July. Contaminant Sampling and Remediation Program – Compressor Stations 2, 34, 80, 86, 99, 102, 105, 110 and 130.	2 357 000
	File: 3400-T001-221 Order: XG-T001-33-2002	Application dated 3 July; approved on 21 July. Environmental sampling at Compressor Station 92.	25 000
	File: 3400-T001-220 Order: XG-T001-36-2003	Application dated 17 June; approved on 30 July. Cathodic Protection Program No. 2 in Manitoba, Ontario and Quebec.	1 586 000
Westcoast Energy Inc.	File: 3400-W005-310 Order: XG-W005-30-2003	Application dated 18 June; approved on 15 July. Casing upgrades on the Boundary Lake pipeline and on the Alberta Mainline in Northeastern British Columbia.	80 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-58 Order: XO-E101-14-2003	Application dated 28 March; approved on 25 July. Remove 4 metres and deactivate 25 metres of pipeline connecting Tank 40 at Hardisty, Alberta.	25 000
Terasen Pipelines (Trans Mountain) Inc.	File: 3400-T099-1 Order: XO-T099-11-2003	Application dated 10 October 2002; approved on 9 July. Channel widening at Juliet Creek at kilometre 949 and shore upgrades at the Westridge Marine Terminal.	179 000
	File: 3400-T099-5 Order: XO-T099-12-2003	Application dated 20 May; approved on 10 July. Expand the Control Centre at the Edmonton Terminal.	1 353 000
	File: 3400-T099-6 Order: XO-T099-13-2003	Application dated 23 June; approved on 16 July. Deviate 150 metres of pipeline.	15 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of August 2003

Joint Canada-U.S. Task Force On Energy Outage

On 20 August, the Minister of Natural Resources Canada appointed Mr. Ken Vollman as a member of the joint Canada-U.S. Task Force, which will identify the causes for the recent power outage that affected North America and seek

recommendations to help prevent future outages. The complete text of the Minister's News Release can be found on our Web Site at www.neb-one.gc.ca under *News Room*.

Public Hearing Applications

Decision Rendered

1. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal - OH-1-2003 (File 3400-T002-56)*

Reasons for decision dated July 2003; issued on 7 August 2003.

The Board approved an application from TNPI to increase the pipeline capacity on its petroleum products pipeline system from Montréal, Quebec to Farran's Point near Ingleside, Ontario and to reverse the direction of flow between Farran's Point and the Clarkson Junction in Mississauga, Ontario.

The Board has also approved priority access from Montréal to Oakville of 7 280 cubic metres (45 864 barrels) per day to Petro-Canada and 1 820 cubic metres (11 466 barrels) per day to Ultramar Ltd., as outlined in their respective priority access agreements with TNPI.

The project will include the replacement of four line segments totaling approximately 72.5 kilometres (45 miles) of 273.1 millimetre (10 inch) pipe with 406.4 millimetre (16 inch) pipe between Montreal and Farran's Point. TNPI is also proposing to upgrade four of its existing pump stations located at Montreal and Como, Quebec and Lancaster and Ingleside, Ontario and to construct four storage tanks at the Farran's Point pump station.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c. N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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To reverse the direction of flow in the pipeline section between Farran's Point to Toronto from a west-to-east direction to an east-to-west direction, TNPI will construct three pump stations along the existing 273.1 millimetre (10 inch) pipeline near Iroquois, Mallorytown and Kingston, Ontario.

Following completion of the project, capacity from Montréal to Farran's Point will increase from 10 500 cubic metres (66 150 barrels) per day to 21 000 cubic metres (132 300 barrels) per day. After flow direction reversal, capacity from Farran's Point to Belleville will increase from 10 000 to 11 500 cubic metres per day (63 000 to 72 450 barrels per day). The capacity from Farran's Point to Ottawa will increase by 3 000 to 16 000 cubic metres per day (18 900 to 100 800 barrels per day).

The estimated cost of the project is \$85.58 million and the proposed completion date is the end of 2004.

The Board considered the application at a public hearing held from 9 to 13 June 2003 in Ottawa, Ontario.

Hearings Completed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

On 30 July, the Joint Review Panel for the GSX Canada Pipeline released its report and recommended that the GSX Canada Pipeline project proceed to the next level of decision making. The Panel concluded that the project is not likely to result in significant adverse environmental effects provided its recommendations are implemented and appropriate mitigation identified during the course of the review is applied.

The report describes the results of the Panel's review of an application by Georgia Strait Crossing Pipeline Limited to construct and operate the Canadian portion of the Georgia Strait Crossing Project, a new natural gas pipeline from Sumas, Washington to Vancouver Island. The proposed pipeline is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

The Government of Canada will now consider the Panel's recommendations on the GSX Canada Pipeline project and prepare a response.

The joint panel review was conducted under the *Canadian Environmental Assessment Act* and the *National Energy Board Act*. The review was carried out in accordance with an agreement between the federal Minister of the Environment and the Board.

The review included a public hearing that was held in Sidney, British Columbia from February 24 to March 19, 2003.

2. *EnCana Ekwan Pipeline Inc. (EnCana) – Pipeline Construction (File 3200-E127-1)*

The Board held a public hearing on 28 and 29 July in Fort St. John, British Columbia on an application from EnCana to construct 82.5 kilometres (51 miles) of 610 millimetre (24 inch) natural gas pipeline, and associated facilities from British Columbia to Alberta.

Hearings in Progress

1. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board is holding a public hearing which commenced on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The hearing was adjourned on 11 July and will reconvene on 15 September for final arguments.

2. *Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003 (File 3400-T002-57)*

The Board is holding a public hearing, by way of written submissions, on an application from TNPI to relocate one section and lower two other sections of its 406.4 millimetre (16 inch) refined petroleum products pipeline. This application is made in order to accommodate the construction of the Red Hill Creek Expressway in King's Forest Park in Hamilton, Ontario.

On 18 August, the City of Hamilton filed a Notice of Application for Judicial Review with the Federal Court of Appeal. The Notice seeks, among other things, a declaration that the *Canadian Environmental Assessment Act* (CEA Act) does not apply to the TNPI application and that no environmental screening is or was required to be carried out by the Board under the CEA Act in respect of the application.

Other

1. *Mackenzie Gas Project*

On 18 July, the Board, pursuant to the *Canadian Environmental Assessment Act* (CEA Act), referred the Mackenzie Gas Project to the federal Minister of the Environment for consideration by a review panel.

On 30 June, the parties to the *Cooperation Plan for the Environmental Impact Assessment and Regulatory Review of a Natural Gas Pipeline Project through the Northwest Territories* (June 2002) announced that the Preliminary Information Package (PIP) submitted by the proponents of the Mackenzie Gas Project has been evaluated and accepted as complete.

The PIP signals the intent of the proponents to proceed with regulatory applications for a large natural gas project in the Northwest Territories. The PIP outlines the project development plans, including: natural gas field development in the

Mackenzie River Delta, gathering lines, processing and transportation of gas south through the Mackenzie Valley to northern Alberta.

The review process for this project is outlined in the Cooperation Plan. The PIP will be used to initiate the review steps under the CEA Act and the environmental screening process under the Inuvialuit Final Agreement. Once permit applications are filed, the review process under the *Mackenzie Valley Resource Management Act* will also be initiated.

Non Hearing Applications

Electricity Matters

Matter Completed

1. *USGen New England, Inc. (USGen) – Export of Electricity (File 6200-U063-1)*

On 28 July, the Board approved an application dated 23 April from USGen to export up to 4 380 gigawatt hours of combined firm and interruptible energy per year for a period of 10 years.

Matters Pending

2. *Avista Energy, Inc. (Avista) – Electricity Export (File 6200-A161-1)*

On 30 June, Avista applied for approval to export up to 2 500 megawatt hours of interruptible energy and up to 47 500 megawatt hours of firm energy per year for a period of 10 years.

3. *Direct Commodities Trading (DCT) Inc. (DCT) – Electricity Export (File 6200-D069-1)*

On 24 July, DCT applied for permits to export up to 600 gigawatt hours of interruptible energy per year for a period of 10 years.

4. *Duke Energy Marketing Canada Corp. (Duke) – Electricity Export (File 6200-D068-1)*

On 27 June, Duke applied for approval to export up to 1 000 megawatts of interruptible power and up to 2 000 gigawatt hours of either firm or interruptible energy per year for a period of 10 years.

5. *Northern States Power Company (NSPC) - Export of Electricity (File 6200-N099-1)*

On 16 June, NSPC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

6. *Public Service Company of Colorado (PSCC) – Export of Electricity (File 6200-P114-1)*

On 16 June, PSCC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

Frontier Matters

1. *Paramount Resources Ltd.* was given approval on 11 August for the "Well Termination Records" for the wells Cameron C-19, H-58, H-03, C-75 and I-73 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.
2. *Geological, geophysical or geotechnical operations*: five new applications and one amended application were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Devon Canada Corporation	Mackenzie Delta NWT	9333-D031-001E	8 August
Devon ARL Corporation	Southern Mainland NWT	9237-D030-001E	8 August
Apache Canada Ltd.	Central Mainland NWT	9229-A075-002E	18 August
Shell Canada Resources Ltd.	Mackenzie Delta NWT	9337-S006-001E	18 August
Apache Canada Ltd.	Central Mainland NWT	9229-A075-002E (amendment)	25 August
Devon Canada Corporation	Mackenzie Delta NWT	9337-D031-001E	29 August

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Toll, Traffic and Tariff Matters

Matter Completed

1. *TransCanada PipeLines Limited (TCPL) – Second Report of the 2003 Tolls Task Force (File 4775-T001-1/03-2)*

On 26 August, the Board approved the following 2003 Tolls Task Force Resolution:

Resolution 03.2003 – Tariff Clean-Up

Matters Pending

2. *Maritime & Northeast Pipeline Management Ltd. (M&NP) – Tolls Settlement for 2004-2006 (File 4200-M124-4)*

On 31 July, M&NP filed an application for approval of the 2004-2006 Tolls Settlement it has reached with members of the Tolls and Tariff Working Group. On 14 August, the Board sought comments from interested parties on the application.

3. *TransCanada PipeLines Limited (TCPL) – Mainline Open Season, Complaints (File 4775-T001-1-12)*

Several complaints were received by TCPL and the Board concerning TCPL's approach to its Mainline Open Season announced on 17 July 2003. In its Open Season, TCPL offers service from receipt points that are not listed in its Tariff.

Complaints were received from Gaz Métropolitain and Company, Limited Partnership, Cargill Power & Gas Markets (Cargill), Coral Energy, the Canadian Association of Petroleum Producers (CAPP) and the Industrial Gas Users Association (IGUA). These parties argue that the new receipt points are not contained within the Tariff, and thus, contravene the *National Energy Board Act*. IGUA also asserts that TransCanada is offering short-haul transportation from Dawn, even though it does not have the physical capacity on Union Gas to support this service. Finally, the parties allege that TCPL has disregarded the established regulatory procedure in how it introduced the new receipt points. CAPP, Cargill and IGUA request that the Board intervene in the Open Season to disallow these service offerings until such time as they receive adequate regulatory scrutiny.

On 14 August, the Board sent a letter to TCPL requesting additional information and directing it to respond to all of the concerns and issues raised in the letter filed by the complainants.

On 25 August, TCPL advised interested parties that it will be filing an application with the Board by 15 September for approval to establish certain points in domestic delivery areas as receipt points and to establish corresponding tolls for services from these areas.

4. *Westcoast Energy Inc. (Westcoast) – Final 2003 Transmission Tolls (File 4200-W005-15)*

On 25 July, Westcoast applied for approval of final tolls for the year 2003. Westcoast has been on

interim tolls since January 2003. On 14 August, the Board sent a letter to Westcoast requesting additional information and setting the procedures

for comments by interested parties on the application.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the *National Energy Board Act*

1. *Guidelines for Filing Requirements, 1995 (GFR)*

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times, and improve communication with stakeholders.

2. *Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines*

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the *Canada Oil and Gas Operations Act*

4. *Canada Oil and Gas Diving Regulations and Guidance Notes*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to the *Canada Labour Code*

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

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Michel L. Mantha
Secretary

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
NOVA Chemicals (Canada) Ltd.	File: 3400-N132-1 Order: XG-N132-37-2003	Application dated 6 March; approved on 8 August. Repairs to three pipelines under the Talfourd Creek near Sarnia, Ontario.	200 000
Souris Valley Pipeline Limited	File: 3400-S161-2 Order: XC-S161-2-2003 (CO ₂ pipeline)	Application dated 14 July; approved on 15 August. Add a rectifier and anode bed at the Goodwater Station in Saskatchewan.	20 000
TransCanada PipeLines Limited	File: 3400-T001-223 Order: XG-T001-38-2003	Application dated 24 July; approved on 11 August. Cathodic Protection Program No. 4 at three sites in the Great Sand Hills area of Saskatchewan.	142 000
Westcoast Energy Inc.	File: 3400-W005-312 Order: XG-W005-39-2003	Application dated 5 August; approved on 13 August. Construct an armoured channel and associated bioengineering in a Rancheree Lake Tributary near Prince George, British Columbia.	65 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-60 Order: XO-E101-15-2003	Application dated 12 August; approved on 25 August. Install of spread spectrum transceivers with radio communication antennae and towers for the purpose of remote operation of valves along Line 9.	97 300

Profile

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The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of September 2003

National Energy Board Workshop 2003

The NEB will be holding a Workshop at the Telus Convention Centre in Calgary, Alberta, from 2 to 4 December 2003. Session development is underway and discussion topics will include NEB regulatory initiatives related to pipeline integrity, environmental protection and safety.

Goals of the Workshop

Communicate - The workshop will encourage direct interaction between NEB staff and attendees.

Refine Initiatives - The workshop will be structured to provide clear deliverables where practical.

Consult - The workshop will be structured as such that discussions between NEB staff and

representatives from targeted attendee stakeholder groups are meaningful and constructive.

Inform - The workshop will include sessions designed to improve working relationships by explaining NEB expectations, processes and procedures.

Registration Information

Registration is free and will commence in mid-October. Space is limited to 300 attendees. For further information, please contact Kym Hopper-Smith at (403) 299-3890 or by e-mail at khoppersmith@neb-one.gc.ca or visit our Website at www.neb-one.gc.ca.

Public Hearing Applications

Decision Rendered

1. **EnCana Ekwan Pipeline Inc. (EnCana Ekwan) – Pipeline Construction – GH-1-2003 (File 3200-E127-1)**

Reasons for Decision issued on 18 September 2003.

The Board approved an application from EnCana Ekwan to construct and operate a sweet natural

gas pipeline. The proposed pipeline would run from the EnCana Oil & Gas Partnership's Sierra Plant near Fort Nelson, British Columbia to a tie-in point on Nova Gas Transmission Ltd.'s northwest mainline, approximately four kilometres east of the Alberta/British Columbia border near Rainbow Lake, Alberta.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c. N-7, as amended.

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EnCana Ekwan will construct 82.5 kilometres (51 miles) of 610 millimetre (24 inch) sweet dry natural gas pipeline, and associated facilities, during the winter of 2003/2004 with a proposed in-service date in April 2004. The design capacity of the Ekwan Pipeline will be approximately 11.8 million cubic metres (418 million cubic feet) per day. The estimated cost of the proposed project is \$55 million.

The Board considered the application at a public hearing held on 28 and 29 July in Fort St. John, British Columbia.

Hearings Completed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

On 30 July, the Joint Review Panel for the GSX Canada Pipeline released its report and recommended that the GSX Canada Pipeline project proceed to the next level of decision making. The Panel concluded that the project is not likely to result in significant adverse environmental effects provided its recommendations are implemented and appropriate mitigation identified during the course of the review is applied.

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The Government of Canada is considering the Panel's recommendations on the GSX Canada Pipeline project and will prepare a response.

The joint panel review was conducted under the *Canadian Environmental Assessment Act* and the *National Energy Board Act*. The review was carried out in accordance with an agreement between the federal Minister of the Environment and the Board. The review included a public hearing that was held in Sidney, British Columbia from 24 February to 19 March.

2. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board has completed a public hearing on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford.

The Board considered the application at a public hearing held from 18 January 2001 to 23 September 2003 (39 days) in Abbotsford, British Columbia. Sequence of events from January 2001 to September 2003:

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- 4 June 2002 – SE2 requested that the Board reconvene the public hearing
- 18 to 23 October 2002 – Public hearing on preliminary motions
- 26 May to 11 July 2003 – Hearing of evidence, oral presentations and some arguments
- 11 July 2003 – Hearing adjourned until 15 September
- 15 to 23 September 2003 – Hearing of final arguments and reply argument
- 23 September 2003 – Hearing closed.

Hearing in Progress

1. *Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003 (File 3400-T002-57)*

The Board is holding a public hearing, by way of written submissions, on an application from TNPI to relocate one section and lower two other sections of its 406.4 millimetre (16 inch) refined petroleum products pipeline. This application is made in order to accommodate the construction of the Red Hill Creek Expressway in King's Forest Park in Hamilton, Ontario.

(Also refer to item 3 under *Appeal and Reviews*)

Non Hearing Applications

Electricity Matters

Matter Completed

1. *Avista Energy, Inc. (Avista) – Electricity Export (File 6200-A161-1)*

On 19 September, the Board approved an application dated 30 June from Avista for permits to export up to 2 500 megawatt hours of interruptible energy and up to 500 megawatts of firm power and up to 47 500 megawatt hours of firm energy per year for a period of 10 years.

2. *Duke Energy Marketing Canada Corp. (Duke Energy) – Electricity Export (File 6200-D068-1)*

On 9 September, the Board approved an application dated 27 June from Duke Energy for permits to export up to 2 000 gigawatt hours of interruptible energy and up to 1 000 megawatts of firm power and up to 2 000 gigawatt hours of firm energy per year for a period of 10 years.

3. *Northern States Power Company (NSPC) - Export of Electricity (File 6200-N099-1)*

On 22 September, the Board approved an application dated 16 June from NSPC for permits to export up to 800 gigawatt hours of interruptible energy and up to 100 megawatts of firm power and up to 800 gigawatt hours of firm energy per year for a period of 10 years.

4. *Public Service Company of Colorado (PSCC) – Export of Electricity (File 6200-P114-1)*

On 25 September, the Board approved an application dated 16 June from PSCC for permits to export up to 800 gigawatt hours of interruptible energy and up to 100 megawatts of firm power and up to 800 gigawatt hours of firm energy per year for a period of 10 years.

Matters Pending

5. *Direct Commodities Trading (DCT) Inc. (DCT) – Electricity Export (File 6200-D069-1)*

On 24 July, DCT applied for permits to export up to 600 gigawatt hours of interruptible energy per year for a period of 10 years.

6. *New York Power Authority (NYPA) – Electricity Export (File 6200-N100-1)*

On 24 September, NYPA applied for permits to export electricity on a firm or interruptible basis up to the interchange capability on the connection between the electric grid operated by Ontario's

Independent Market Operator and the grid operated by the New York Independent System Operator, Inc. for a period of 10 years.

Frontier Matters

1. *Chevron Canada Resources* was given approval on 29 September to alter the condition of a well pursuant to section 80.(1)(b) of the *Canada Oil and Gas Drilling Regulations* for the well Liard 2K-29.

2. *Geological, geophysical or geotechnical operations*: one application was approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*. No applications were received or approved in September.

Company	Area	Operation ID	Date
Anadarko Canada Energy Ltd.	Liard NWT	9238-A070-001E	29 August

Gas Matters

Matters Completed

1. *ProGas Limited (ProGas) – Amend Gas Export Contract – Natural Gas Export Licence GL-195 (File 7200-N151-1-1)*

On 11 September, the Board approved an application dated 14 August from ProGas for amendments to the gas sales contract between ProGas and the New York State Electric and Gas Corporation (NYSEG) underpinning natural gas exports under Licence GL-195. The amendment consists of replacing the current commodity charge calculation with the AECO-C monthly index as reported within the *Canadian Gas Price Reporter*.

In 1992, NYSEG was issued Licence GL-195 to export up to 255 000 cubic metres (9 million cubic feet) per day of natural gas via points of export near Napierville, Quebec and Niagara Falls, Iroquois and Chippawa, Ontario.

2. *ProGas Limited (ProGas) – Amend Gas Purchase Contract – Natural Gas Export Licence GL-129 (File 7200-P038-5-2)*

On 11 September, the Board approved two applications dated 7 July and 14 August from ProGas for amendments to the gas sales contract between ProGas and Northeast Energy Associates, a Limited Partnership (NEA) and North Jersey Energy Associates, a Limited Partnership (NJEA) underpinning natural gas exports under Licence GL-129. The 7 July application

is to bifurcate the contract into separate volume-based components. The 14 August application is to reduce the contracted volumes.

In 1989, ProGas was issued Licence GL-129 to serve two cogeneration plants, one operated by NEA and one operated by NJEA, and to meet a portion of Texas Eastern Transmission Corporation's system supply requirements. Over the years the contracted volumes have been adjusted between the two cogeneration plants in accordance with prevailing market conditions. At this time, the underpinning contract provides for delivery of approximately 1.4 million cubic metres (49.6 million cubic feet) per day to the NEA Bellingham facility.

3. *ProGas Limited (ProGas) – Amend Gas Export Contract – Natural Gas Export Licence GL-178 (File 7200-P038-7-1)*

On 18 September, the Board approved an application dated 14 August from ProGas for amendments to the gas sales contract between ProGas and Lockport Energy Associates L.P. underpinning natural gas exports under Licence GL-78. The amendments will consist of a change to the Adjusted Base Price component of the Commodity Charge for a period of two years and to not initiate renegotiation or arbitration of the Commodity Charge for a period of two years.

Under Licence GL-178, ProGas is authorized to export up to 340 000 cubic metres (12 million cubic feet) per day of natural gas at the Niagara Falls.

Pipeline Matter

1. *Section 58 Applications*

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Toll, Traffic and Tariff Matters

Matter Completed

1. *Maritime & Northeast Pipeline Management Ltd. (M&NP) – Tolls Settlement for 2004-2006 (File 4200-M124-4)*

On 17 September, the Board approved an application dated 31 July from M&NP for approval of the 2004-2006 Tolls Settlement it has reached with members of the Tolls and Tariff Working Group.

Matters Pending

2. *TransCanada Pipelines Limited (TCPL) – Mainline Open Season, Complaints (File 4775-T001-1-12)*

Several complaints were received by TCPL and the Board concerning TCPL's approach to its Mainline Open Season announced on 17 July. In its Open Season, TCPL offers service from receipt points that are not listed in its Tariff.

Complaints were received from Gaz Métropolitain and Company, Limited Partnership, Cargill Power & Gas Markets (Cargill), Coral Energy, the Canadian Association of Petroleum Producers (CAPP) and the Industrial Gas Users Association (IGUA). These parties argue that the new receipt points are not contained within the Tariff, and thus, contravene the *National Energy Board Act*. IGUA also asserts that TransCanada is offering short-haul transportation from Dawn, even though it does not have the physical capacity on Union Gas to support this service. Finally, the parties allege that TCPL has disregarded the established regulatory procedure in how it introduced the new receipt points. CAPP, Cargill and IGUA request that the Board intervene in the Open Season to disallow these service offerings until such time as they receive adequate regulatory scrutiny.

On 14 August, the Board sent a letter to TCPL requesting additional information and directing it to respond to all of the concerns and issues raised in the letter filed by the complainants.

On 25 August, TCPL advised interested parties that it will be filing an application with the Board by 15 September for approval to establish certain points in domestic delivery areas as receipt points and to establish corresponding tolls for services from these areas.

On 15 September, TCPL applied for approval to establish North Bay as a new receipt and delivery point and for approval of the associated tolls for services to and from this point. The Board noted that this application varied from what was originally contemplated in TCPL's 22 August proposal. In determining how to handle this application, the Board invited parties to make submissions on what process would best be suited for dealing with the application. The Board received nine letters of comments.

On 26 September, the Board decided to hold a facilitated workshop to discuss the issues raised in the aforementioned letters of comments. The workshop will be open to all of the TCPL Mainline stakeholders.

3. **Westcoast Energy Inc. (Westcoast) – Final 2003 Transmission Tolls (File 4200-W005-15)**

On 25 July, Westcoast applied for approval of final tolls for the year 2003. Westcoast has been on

interim tolls since January 2003. On 14 August and 24 September, the Board sent letters to Westcoast requesting additional information.

Appeal and Reviews

Appeal

1. **TransCanada PipeLines Limited (TCPL) – NEB Decision RH-R-1-2002**

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002 Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application. In May, the Federal Court of Appeal granted TCPL leave to appeal.

Reviews

2. **Communications, Energy and Paperworkers Union of Canada (CEP) - Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal – OH-1-2003**

In September, CEP applied to the Board for review of its Reasons for Decision dated July, issued on 7 August, in which it approved an application from TNPI to increase the pipeline capacity on its petroleum products pipeline system from Montréal, Quebec to Farran's Point near Ingleside, Ontario and to reverse the direction of flow between Farran's Point and the Clarkson Junction in Mississauga, Ontario. CEP is asking the Board to review its

decision in total and, in the interim, to stay the decision pending the outcome of the review.

CEP represents 140 people who will be put out of work when the Oakville refinery is closed by Petro Canada. The company announced the closing following the Board's decision allowing a reversal in the flow of oil in the TNPI's pipeline which will bring refined products into Ontario from Montreal.

3. **City of Hamilton – Judicial Review - Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003**

On 18 August, the City of Hamilton filed a Notice of Application for Judicial Review with the Federal Court of Appeal. The Notice seeks, among other things, a declaration that the *Canadian Environmental Assessment Act* (CEA Act) does not apply to the TNPI application and that no environmental screening is or was required to be carried out by the Board under the CEA Act in respect of the application.

The Board filed with the Court a Notice of Appearance. The Application has been put into abeyance until 30 days after the Board's decision on the TNPI application as a result of a consent motion to the court.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. **National Energy Board Processing Plant Regulation (Regulations) – Guidance Notes**

On 17 September, the Board published Guidance Notes to bring additional clarity to the Regulations and to provide non-mandatory guidance to assist companies in achieving compliance.

The Guidance Notes are structured for easy use. Sections of the Regulations are grouped (where appropriate) under logical headings and (where appropriate) the goal of the Regulations (or these

groupings of different sections of the Regulations) is provided. In all cases, this is followed by guidance which provides information that may be of use to companies in ensuring the design, construction, operation and abandonment of their processing plants is carried out in accordance with the Regulations.

The Regulations reflect the Board's progression towards the development of goal oriented regulations and clearly place the onus on companies for ensuring the safety of persons and the protection of property and the environment.

The actual methods used to meet the specific requirements of the Regulations are at the

discretion of the company. The onus is on the company to maintain adequate records and demonstrate to the Board the adequacy and effectiveness of the methods employed to achieve compliance.

2. *Guidelines for Filing Requirements, 1995 (GFR)*

On 5 September, the Board sought comments from the public on draft sections of the GFR. Comments were due on 3 October. The final revised GFR will be released by the end of 2003.

In late 2002, the Board initiated a project to review and revise its GFR. Originally developed in 1995, the GFR were intended to help companies prepare complete applications and address components of an application. This review and resulting modifications will ensure that information in the GFR is clear, accurate and complete so that the Board's expectations are understood and can be applied consistently by applicants.

3. *Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines*

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

4. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has been holding meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the *Canada Oil and Gas Operations Act*

5. *Canada Oil and Gas Diving Regulations and Guidance Notes*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

Regulatory Initiatives Pursuant to the *Canada Labour Code*

7. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Other

8. *Species at Risk Act – Effect of Certain Provisions on Applications before the National Energy Board*

On 11 September, the Board informed companies under its jurisdiction and companies who file applications under the *Canada Oil and Gas Operations Act* that on 5 June, sections 2 to 31, 37 to 56, 62, 65 to 76, 78 to 84, 120 to 133 and 137 of the Federal *Species at Risk Act* came into force. The Board advised the companies to familiarize themselves with the provisions of the *Species at Risk Act* now in force and, specifically, to be familiar with sections 2, 79 and 137 as those sections may pertain to applications before the Board.

For further information regarding the *Species at Risk Act*, refer to Environment Canada's Website at www.speciesatrisk.gc.ca.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Web Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada PipeLines Limited	File : 3400-T001-224 Order: XG-T001-40-2003	Application dated 25 July; approved on 3 September. Decommission an auxiliary building and compressor plant at Station 13.	2 222 800
	File: 3400-T001-225 Order: XG-T001-41-2003	Application dated 14 August; approved on 11 September. Cathodic Protection Program No. 5 at nine sites in Saskatchewan.	271 500
	File : 3400-T001-219 Order : XG-T001-43-2003	Application dated 11 June; approved on 16 September. Contaminant Sampling and Remediation Program – Remediation at Compressor Station 21.	2 080 000
	File : 3400-T001-226 Order : XG-T001-46-2003	Application dated 15 September; approved on 25 September. Cathodic Protection Program No. 7 at a site in Ontario.	40 000
TransCanada PipeLines Limited, BC System	File: 3400-T054-9 Order: XG-T054-42-2003	Application dated 26 August; approved on 11 September. Cathodic Protection Program No. 6 on the BC System.	12 240
Westcoast Energy Inc.	File: 3400-W005-311 Order: XG-W005-44-2003	Application dated 28 July; approved on 18 September. Replace the liquid sulphur storage tank at the McMahon gas plant.	1 260 000
	File: 3400-W005-313 Order: XG-W005-45-2003	Application dated 5 September; approved on 19 September. Construct a revetment in Crassier Creek near Hasler Flat, British Columbia.	35 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Plains Marketing Canada, L.P.	File: 3400-P077-2 Order: XO-P077-17-2003	Application dated 28 May; approved on 11 September. Deactivate a 5.3 kilometre section of the Bodo-to-Cactus-Lake Pipeline and relocate pig traps from the Murphy Oil battery to the South Bodo tie-in.	Not available
Trans-Northern Pipelines Inc.	File: 3400-T002-59 Order: XO-T002-16-2003	Application dated 8 August; approved on 11 September. Pipeline replacement in the Township of Thurlow, City of Belleville, Ontario.	1 070 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of October 2003

National Energy Board Workshop 2003

The NEB will be holding a Workshop at the Telus Convention Centre in Calgary, Alberta, from 2 to 4 December 2003. Session development is underway and discussion topics will include NEB regulatory initiatives, pipeline integrity, environmental protection and safety.

Goals of the Workshop

Communicate - The workshop will encourage direct interaction between NEB staff and attendees.

Refine Initiatives - The workshop will be structured to provide clear deliverables where practical.

Consult - The workshop will be structured as such that discussions between NEB staff and

representatives from targeted attendee stakeholder groups are meaningful and constructive.

Inform - The workshop will include sessions designed to improve working relationships by explaining NEB expectations, processes and procedures.

Registration Information

Registration is free and commenced in mid-October. Space is limited to 300 attendees. For further information, please contact Kym Hopper-Smith at (403) 299-3890 or by e-mail at khoppersmith@neb-one.gc.ca or visit our Website at www.neb-one.gc.ca.

Public Hearing Applications

Hearings Completed

1. **Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)**

On 30 July, the Joint Review Panel for the GSX Canada Pipeline released its report and recommended that the GSX Canada Pipeline project proceed to the next level of decision making. The

Panel concluded that the project is not likely to result in significant adverse environmental effects provided its recommendations are implemented and appropriate mitigation identified during the course of the review is applied.

The report describes the results of the Panel's review of an application by Georgia Strait Crossing

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c. N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Pipeline Limited to construct and operate the Canadian portion of the Georgia Strait Crossing Project, a new natural gas pipeline from Sumas, Washington to Vancouver Island. The proposed pipeline is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

The Government of Canada is considering the Panel's recommendations on the GSX Canada Pipeline project and will prepare a response.

The joint panel review was conducted under the *Canadian Environmental Assessment Act* and the *National Energy Board Act*. The review was carried out in accordance with an agreement between the federal Minister of the Environment and the Board. The review included a public hearing that was held in Sidney, British Columbia from 24 February to 19 March.

2. Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)

The Board has completed a public hearing on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford.

The Board considered the application at a public hearing held from 18 January 2001 to 23 September 2003 (39 days) in Abbotsford, British Columbia. Sequence of events from January 2001 to September 2003:

- 18 to 20 January 2001 – Public hearing on preliminary matters and motions

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- 18 to 23 October 2002 – Public hearing on preliminary motions
- 26 May to 11 July 2003 – Hearing of evidence, oral presentations and some arguments
- 11 July 2003 – Hearing adjourned until 15 September
- 15 to 23 September 2003 – Hearing of final arguments and reply argument
- 23 September 2003 – Hearing closed

Hearing in Progress

1. Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003 (File 3400-T002-57)

The Board is holding a public hearing, by way of written submissions, on an application from TNPI to relocate one section and lower two other sections of its 406.4 millimetre (16 inch) refined petroleum products pipeline. This application is made in order to accommodate the construction of the Red Hill Creek Expressway in King's Forest Park in Hamilton, Ontario.

(Also refer to item 3 under *Appeal and Reviews*)

Non Hearing Applications

Electricity Matters

Matter Completed

1. Direct Commodities Trading (DCT) Inc. (DCT) – Electricity Export (File 6200-D069-1)

On 8 October, the Board approved an application dated 24 July from DCT for a permit to export up to 600 gigawatt hours of interruptible energy per year for a period of 10 years.

Matters Pending

2. PPL EnergyPlus, LCC (PPL) – Electricity Export (File 6200-P121-1)

On 14 October, PPL applied for permits to export up to 1000 megawatts hours of combined firm and interruptible electricity for a period of 10 years.

3. New York Power Authority (NYPA) – Electricity Export (File 6200-N100-1)

On 24 September, NYPA applied for permits to export electricity, for a period of 10 years, on a firm or interruptible basis up to the interchange capability on the connection between the electric grid operated by Ontario's Independent Market Operator and the grid operated by the New York Independent System Operator, Inc.

4. Teck Cominco Metals Ltd (Teck) – Electricity Export (File 6200-T096-2)

On 24 October, Teck applied for permits for export transfers of up to 3 500 gigawatt hours of firm and interruptible energy per year and up to 250 gigawatt hours of firm carrier transfer energy per year for a period of 10 years.

Frontier Matters

1. *Anadarko Canada Corporation* received approval on 23 October for the "Well Termination Record" for the well Arrowhead River C-55 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.

2. *Canadian Natural Resources Ltd.* received approval on 31 October for the "Well Termination Record" for the well North Liard 3P-66B pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls and Tariffs Matters

Matters Completed

1. *Foothills Pipe Lines Ltd. (Foothills) - Interruptible Tolls for Zone 9 for the Period 1 November 2003 to 31 October 2004 (File 4400-F006-12)*

On 30 October, the Board approved an application dated 16 October from Foothills for approval of interruptible tolls for the period 1 November 2003 to 31 October 2004. Two levels of interruptible service were offered. Tier 1 service is based on a 90 percent load factor and takes precedence over Tier 2 service, which is based on a 100 percent load factor. The interruptible toll incorporates the capital structure and rate of return approved by the Board pursuant to RH-2-94 (Cost of Capital Hearing), as well as the forecasted cost of service for the period 1 November 2003 to 31 October 2004. The approved-tolls are as follows:

- Tier 1 - \$1.194 per thousand cubic metres per 100 kilometres (for the period 1 April to 31 October the toll was \$1.209 per thousand cubic metres per 100 kilometres)
 - Tier 2 - \$1.075 per thousand cubic metres per 100 kilometres (For the period 1 April to 31 October 2003 the toll was \$1.088 per thousand cubic metres per 100 kilometres)
2. *TransCanada Pipelines Limited (TCPL) – Third and Fourth Reports of the 2003 Tolls Task Force (Files 4775-T001-1/03-3 and 4775-T001-1/03-4)*

On 9 and 17 October, the Board approved the following 2003 Tolls Task Force Resolutions:

- Resolution 04.2003 – Removal of Price Cap on Parking and Loan Service
- Resolution 05.2003 – Addition of the Shackleton Receipt Point for Transportation on the Mainline.

Matters Pending

3. *TransCanada Pipelines Limited (TCPL) – Mainline Open Season, Complaints (File 4775-T001-1-12)*

Several complaints were received by TCPL and the Board concerning TCPL's approach to its Mainline Open Season announced on 17 July. In its Open Season, TCPL offers service from receipt points that are not listed in its Tariff.

On 15 September, TCPL applied for approval to establish North Bay as a new receipt and delivery point and for approval of the associated tolls for services to and from this point. On 26 September, the Board decided to hold a facilitated workshop to discuss the issues raised in the aforementioned letters of complaint.

4. *Westcoast Energy Inc. (WEI) – Final 2003 Transmission Tolls (File 4200-W005-15)*

On 25 July, Westcoast applied for approval of final tolls for the year 2003. WEI has been on interim tolls since January 2003. On 14 August and 24 September, the Board sent letters to WEI requesting additional information.

Appeal and Reviews

Appeal

1. *TransCanada Pipelines Limited (TCPL) – NEB Decision RH-R-1-2002*

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002 Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application. In May, the Federal Court of Appeal granted TCPL leave to appeal.

Reviews

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In September, CEP applied to the Board for review of its Reasons for Decision dated July, issued on 7 August, in which it approved an application from TNPI to increase the pipeline capacity on its petroleum products pipeline system from Montréal, Quebec to Farran's Point near Ingleside, Ontario and to reverse the direction of flow between Farran's Point and the Clarkson Junction in Mississauga, Ontario. CEP is asking the Board to review its decision in total and, in the interim, to stay the decision pending the outcome of the review.

CEP represents 140 people who will be put out of work when the Oakville refinery is closed by Petro Canada. The Company announced the closing of the refinery following the Board's decision allowing a reversal in the flow of oil in the TNPI's pipeline which will bring refined products into Ontario from Montreal.

On 9 October, the Board decided to solicit comments from all parties to the OH-1-2003 Hearing on whether a review should be conducted and, should the Board decide to conduct a review of the application, whether a stay of the Board's Decision in OH-1-2003 should be granted.

3. *City of Hamilton – Judicial Review - Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003*

On 18 August, the City of Hamilton filed a Notice of Application for Judicial Review with the Federal Court of Appeal. The Notice seeks, among other things, a declaration that the *Canadian Environmental Assessment Act* (CEA Act) does not apply to the TNPI application and that no environmental screening is or was required to be carried out by the Board under the CEA Act in respect of the application.

The Board filed with the Court a Notice of Appearance. The Application has been put into abeyance until 30 days after the Board's decision on the TNPI application as a result of a consent motion to the court.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Guidelines for Filing Requirements, 1995 (GFR)*

On 5 September, the Board sought comments from the public on draft sections of the GFR. Comments were due on 3 October 2003. The final revised GFR will be released by the end of 2003.

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On 5 February, the Board solicited comments on a proposal to amend the OPR to include provisions regarding decommissioning and to establish a Decommissioning Exemption Order to exempt certain activities from the requirement to file decommissioning applications. The Board has considered the comments received.

The Board is of the view that many of the suggestions put forward could best be addressed in guidance notes to the regulations, or in an exemption order. Both of these instruments can be easily amended to adjust for changing situations, and can provide for more description and explanation than can regulations. The Board agrees with the comments by CEPA that a discussion with industry would be highly beneficial and would like to hold these discussions before proceeding any further to finalize the Decommissioning exemption order and guidance notes. Therefore, the Board is adding the matter of decommissioning to the agenda for the NEB Workshop to be held from 2 to 4 December.

The Board is proposing that the changes also apply to the *National Energy Board Processing Plant Regulations*. Given that the process for amending regulations takes a considerable amount of time, the Board will start the procedure for amending both sets of regulations by sending the amendments to the Department of Justice for its review. All parties will be given an opportunity to comment on the amendments when they are published in the *Canada Gazette, Part I*. The Board will also make amendments as needed as a result of discussions with industry.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations*

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has been held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the *Canada Oil and Gas Operations Act*

4. *Canada Oil and Gas Diving Regulations and Guidance Notes*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

6. *The Canada Oil and Gas Geophysical Operations Regulation (Regulations)*

The Regulations are being amended in order to satisfy concerns raised by the Standing Joint Committee for the Scrutiny of Regulations and to reflect advances in electronic data storage and communications. Some of the changes are designed to render provisions of the Regulations consistent in both official languages and to reflect changes made since the adoption of the *Department of Canadian Heritage Act*.

Regulatory Initiatives Pursuant to the *Canada Labour Code*

7. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

Chief Operating Officer

On 20 October, the Chairman of the Board announced that Mr. James (Jim) Donihee will be joining the Board on 17 November as the Chief Operating Officer.

Until August of 2000, Mr. Donihee was a member of the Canadian Armed Forces. At the time of his retirement, he held the title of Wing Commander and was the Commanding Officer of the largest air force base in Canada. Since August 2000, Mr. Donihee has worked for EnCana Corporation, most recently working on the implementation of Knowledge Exchange practices throughout the organization and also reported directly to the CEO in leading a team assisting in the development of EnCana's corporate Constitution.

Mr. Donihee brings many strengths to the executive cadre at the Board, including his leadership experience with groups ranging in size up to 2500 people in performance oriented organizations. Mr. Donihee is committed to strong interpersonal relationships, which he has demonstrated throughout his career, through principled leadership, integrity, loyalty, strong work ethic and sound judgment.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipeline Ltd.	File: 3400-A159-15 Order: XG-A159-48-2003	Application dated 21 August; approved on 3 October. Relocate the Knopcik Meter Station from receipt points AB26 on the Hythe Lateral to AB25, all in Alberta.	355 000
TransCanada PipeLines Limited	File: 3400-T001-222 Order: XG-T001-47-2003	Application dated 14 July; approved on 2 October. Cathodic Protection Program No. 3 at thirteen sites in Manitoba and Ontario.	1 079 200

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-61 Order: XO-E101-18-2003	Application dated 26 September; approved on 15 October. Upgrade the Line 10 valve at milepost B1903.47.]	324 400
Enbridge Pipelines (NW) Inc.	File: 3400-E102-8 Order: XO-E102-20-2003	Application dated 1 October; approved on 30 October. Install solar panels at four valve sites in the Northwest Territories.	102 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of November 2003

Public Hearing Applications

Decisions Rendered

1. *Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003 (File 3400-T002-57)*

Reasons for Decision issued on 27 November.

The Board approved an application from TNPI to relocate one section and lower two other sections of its 406.4 millimetre (16 inch) refined petroleum products pipeline in the City of Hamilton, Ontario. This application was made in order to accommodate the construction of the Red Hill Creek Expressway in King's Forest Park in Hamilton.

The Board considered the application by way of a written public hearing.

(Also refer to item 2 under *Appeal and Reviews*)

2. *Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)*

Reasons for Decision issued on 28 November.

The Joint Review Panel has approved an application by GSCPL on behalf of GSX Canada Limited

Partnership to construct and operate a natural gas pipeline to Vancouver Island. The Panel was established under the *Canadian Environmental Assessment Act* (CEA Act) and the *National Energy Board Act* (NEB Act) to conduct a joint review of the GSX Canada Pipeline project.

Approval of the pipeline is subject to fulfillment of a number of conditions, including the receipt of regulatory approvals for the proposed Vancouver Island Generation Project facility to be located at Duke Point, near Nanaimo, British Columbia.

The pipeline is the Canadian portion of the Georgia Strait Crossing Project, a new international pipeline that would enable natural gas to be transported to markets in northwestern Washington and on Vancouver Island.

The pipeline consists of approximately 60 kilometres (37.2 miles) of 406 millimetre (16 inch) natural gas pipeline and related facilities starting from a point on the Canada-United States border in Boundary Pass, east of Saturna Island, British Columbia, to an interconnection with the existing Terasen Gas (Vancouver Island) Inc. pipeline at a point west of Shawnigan Lake and south of Duncan

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c. N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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on Vancouver Island.

Under the CEA Act, the Panel conducted a review of the environmental effects of the project and the appropriate mitigation measures. The Panel's conclusions and recommendations, including mitigation measures, follow-up programs and its rationale, are set out in the Joint Review Panel Report (the JRP Report) which was issued on 30 July 2003. The response of the Government of Canada to the JRP Report was approved by Governor in Council and released on 21 November 2003. The Panel took into consideration the JRP Report and the government response before making its decision under the NEB Act.

The Georgia Strait Crossing Project is jointly sponsored by British Columbia Hydro and Power Authority and Williams Gas Pipeline Company LLC. The estimated capital cost of the combined Canadian and US portions of the Georgia Strait Crossing Project is \$322.3 million. The estimated capital cost of the Canadian portion is \$139.3 million.

The review included a public hearing that was held in Sidney, British Columbia from 24 February to 19 March.

Hearing Completed

1. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board held a public hearing on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford, British Columbia. The public hearing was held from 18 January 2001 to 23 September 2003 (39 days) in Abbotsford. Sequence of events from January 2001 to September 2003:

- 18 to 20 January 2001 – Public hearing on preliminary matters and motions
- 19 February 2001 – Public hearing commence. But at the request of SE2, the Board it was adjourned
- 4 June 2002 – SE2 requested that the Board reconvene the public hearing
- 18 to 23 October 2002 – Public hearing on preliminary motions
- 26 May to 11 July 2003 – Hearing of evidence, oral presentations and some arguments
- 11 July 2003 – Hearing adjourned until 15 September
- 15 to 23 September 2003 – Hearing of final arguments and reply argument
- 23 September 2003 – Hearing closed.

Non Hearing Applications

Electricity Matters

Matters Pending

1. *PPL EnergyPlus, LCC (PPL) – Electricity Export (File 6200-P121-1)*

On 14 October, PPL applied for permits to export up to 4 380 gigawatt hours of combined firm and interruptible electricity per year for a period of 10 years.

2. *New York Power Authority (NYPA) – Electricity Export (File 6200-N100-1)*

On 24 September, NYPA applied for permits to export electricity, for a period of 10 years, on a firm or interruptible basis up to the interchange capability on the connection between the electric

grid operated by Ontario's Independent Market Operator and the grid operated by the New York Independent System Operator, Inc.

3. *Teck Cominco Metals Ltd. (Teck) – Electricity Export (File 6200-T096-2)*

On 24 October, Teck applied for permits for export transfers of up to 3 500 gigawatt hours of firm and interruptible energy per year and up to 250 gigawatt hours of firm carrier transfer energy per year for a period of 10 years.

Frontier Matters

1. *Geophysical Service Incorporated (GSI) – Western Gulf of St. Lawrence Marine Seismic Program (File 9180-G705-38)*

In November 2002, GSI applied for approval to conduct a seismic survey in the west-central Gulf of St. Lawrence. GSI proposes to conduct the survey in November and December 2003. The Board received expert advice from the Department of Fisheries and Oceans (DFO) and Environment Canada and comments from the Group for Research and Education on Marine Mammals and the Mingan Island Cetacean Study on the proposed Project.

On 5 November, GSI responded to the key issues raised by the above parties. In its response, GSI stated that it had concentrated on mitigation and improvements for the Project which are necessary to overcome uncertainties and further address any residual impacts. GSI proposed to:

(i) modify/reduce components of the Project; (ii) undertake additional field monitoring; and (iii) implement additional mitigation measures.

On 12 November, the Board sent a letter to DFO stating that it was of the view that many of the outstanding concerns about the Project had now been adequately addressed by GSI and that before taking a decision on the application, the Board was seeking specialist advice from DFO on certain questions.

On 26 November, DFO responded to the Board's letter of 12 November. In its response, DFO stated that while the revisions to the Project would reduce the anticipated effects on several species, they are insufficient to reduce the risk at an acceptable level for the marine mammals in the sensitive zones. Consequently, DFO recommended that the Board not approve the project as proposed.

2. **Devon ARL Corporation's** "Well Termination Record" for the well Itiginkpak F-29 was approved on 7 November pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.
3. **Canadian Forest Oil Ltd.'s** "Well Termination Record" for the well Mount Coty 2K-02 was approved on 18 November pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.

Pipeline Matter

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Traffic, Tolls and Tariffs Matters

Matters Completed

1. **Rate of Return on Common Equity (ROE) for 2004 (File 4750-A000-11)**

On 28 November, the Board approved, pursuant to the ROE adjustment mechanism approved in the Multi-Pipeline Cost of Capital Decision (RH-2-94), as amended, a ROE of 9.56 per cent for the year 2004. The ROE for 2003 was 9.79 per cent.

2. **Westcoast Energy Inc. (WEI) – Final 2003 Transmission Tolls (File 4200-W005-15)**

On 27 November, the Board approved an application dated 25 July from Westcoast for approval of final tolls for the year 2003.

Matters Pending

3. **TransCanada PipeLines Limited (TCPL) – Mainline Open Season, Complaints – North Bay Junction (File 4775-T001-1-12)**

Several complaints were received by TCPL and the Board concerning TCPL's approach to its Mainline Open Season announced on 17 July. In its Open Season, TCPL offers service from receipt points that are not listed in its Tariff.

On 15 September, TCPL applied for approval to establish the North Bay Junction as a new receipt and delivery point and for approval of the associated tolls for services to and from this point. On 26 September, the Board decided to hold a facilitated workshop to discuss the issues raised in the aforementioned letters of complaint. The

Board held the workshop on 23 October and the Facilitator's Report was issued on 13 November.

On 14 November, the Board decided to stay the processing of the North Bay Junction application.

The Board noted that the North Bay Junction application does not adequately address the issues identified in the original letters of complaint filed with the Board. By proceeding with the narrow scope proposed by TCPL, the Board was concerned that the original complainants will not have a meaningful opportunity to have their concerns heard.

The Board believed that there are broader toll design issues which are inextricably linked to the North Bay Junction application, many of which were identified at the workshop. Accordingly, the Board determined that any regulatory process established to consider the North Bay Junction proposal should address whether the Mainline's existing toll design remains appropriate and what changes, if any, are required.

Given that the evidence contained within the application only addresses the appropriateness of the proposal, the Board has decided to stay the processing of the application until such time as

TCPL files sufficient information to address the broader toll design issues. The Board will then determine whether to consider the application and the related information in a stand-alone proceeding or in conjunction with a future application.

3. *TransCanada PipeLines Limited (TCPL) – 2004 Interim Tolls – (File 4200-*

On 12 November, TCPL applied for interim tolls to be effective on 1 January 2004 pending the filing and disposition of its 2004 Tolls Application, which it intends to file in the near future, for orders approving Mainline tolls and tariff for service commencing 1 January 2004. TCPL is requesting approval of an interim Eastern Zone toll of \$1.222 per gigajoule, which compares to the current Eastern Zone toll of \$1.195 per gigajoule. On 18 November, the Board sought comments from interested persons on the application.

Appeal and Reviews

Appeal

1. *TransCanada Pipelines Limited (TCPL) – NEB Decision RH-R-1-2002*

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002 Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application. In May, the Federal Court of Appeal granted TCPL leave to appeal.

Review Completed

2. *Communications, Energy and Paperworkers Union of Canada (CEP) - Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal – OH-1-2003*

On 7 November, the Board decided to reject CEP's application for review of the Board's Reasons for Decision OH-1-2003. In the OH-1-2003 Decision, the Board approved an application from TNPI to increase the pipeline capacity on its petroleum products pipeline system from Montréal, Quebec to Farran's Point near Ingleside, Ontario and to reverse the direction of flow between Farran's Point and the Clarkson Junction in Mississauga, Ontario. CEP had asked the Board to review its decision in total and, in the interim, to stay the decision pending the outcome of the review.

CEP represents 140 people who will be put out of work when the Oakville refinery is closed by Petro Canada. The Company announced the closing of the refinery following the Board's decision allowing a reversal in the flow of oil in the TNPI's pipeline which will bring refined products into Ontario from Montreal.

The Board sought comments of interested parties on this matter.

Review Pending

3. *City of Hamilton – Judicial Review - Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003*

On 18 August, the City of Hamilton filed a Notice of Application for Judicial Review with the Federal Court of Appeal. The Notice seeks, among other things, a declaration that the Canadian Environmental Assessment Act (CEA Act) does not apply to the TNPI application and that no environmental screening is or was required to be carried out by the Board under the CEA Act in respect of the application.

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review. All parties will be given an opportunity to comment on the amendments when they are published in the *Canada Gazette, Part I*. The Board will also make amendments as needed as a result of discussions with industry.

3. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations*

On 14 November, the Board sought comments from the public on the *Draft Guidance Notes for the National Energy Board Damage Prevention Regulations*. The document contains the draft legal text of the Board's proposed *Damage Prevention Regulations* and the proposed guidance. The deadline for written comments is 31 March 2004.

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has been held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

4. *Guidance Notes for Applicants - Applications for Declaration of Significant Discovery and Commercial Discovery - Companies operating on National Energy Board Regulated Frontier Lands*

On 18 November, the Board issued a revised section 4 of the *Guidance Notes for Applications for Declaration of Significant Discovery and Commercial Discovery*. The revisions came into effect on 18 November.

The revisions establish a new process for the Board's determination of Directly Affected Persons (DAP) and are the result of consultations between Board staff, industry and government representatives, which took place in May and June of 2003.

The primary objective of this process is to assist the Board in reaching a fair and objective determination of DAP. In the Board's view, the process strikes an appropriate balance among the interests of, providing notice to potential DAP, transparency of process and maintaining privilege over information filed in respect of Significant and Commercial Discovery Declaration applications.

Information regarding the changes to the DAP process can be found at <http://www.neb-one.gc.ca>.

Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

5. *Canada Oil and Gas Diving Regulations and Guidance Notes*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

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Appendix I

Section 58 Applications

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Trans-Northern Pipelines Inc.	File: 3400-T002-59 Order: XO-T002-21-2003	Application dated 29 September; approved on 12 November. Pipe replacement in the Township of Williamsburg, Ontario.	450 000

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Canadă

12-2003

National Energy
BoardOffice national
de l'énergie

31 December 2003

Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of December 2003

Short-Term Natural Gas Deliverability For Western Canada Sedimentary Basin 2003-2005

On 8 December, the Board issued an Energy Market Assessment (EMA) entitled *Short-term Natural Gas Deliverability from the Western Canada Sedimentary Basin 2003-2005*. The report reviews historical production and drilling activity and also provides an outlook for the period 2003-2005. The Board projects that, with the expected high levels

of drilling activity, deliverability from the Western Canada Sedimentary Basin will be maintained near current levels at approximately 450 million cubic metres (16 billion cubic feet) per day over the next two years. The EMA is available on the Board's Web site at www.neb-one.gc.ca.

Future Report On Canada's Oil Sands: Opportunities And Challenges To 2015

In October 2000, the Board released an Energy Market Assessment (EMA) entitled *Canada's Oil Sands: A Supply and Market Outlook to 2015*. In the course of carrying out its analyses in the 2003 supply and demand report entitled *Canada's Energy Future: Scenarios for Supply and Demand to 2025*, a number of important opportunities and issues surrounding the oils sands were identified. As a result, the Board has decided to embark on a

subsequent report entitled *Canada's Oil Sands: Opportunities and Challenges to 2015*. The key objectives of this report are to update the supply and market aspects contained in the first EMA and to provide a comprehensive assessment of some of the opportunities and issues facing the oil sands. The Board will consult with stakeholders in the course of developing the report which is expected to be released in the spring of 2004.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c. N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Public Hearing Applications

Hearing Completed

1. *Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)*

The Board held a public hearing on an application from SE2 to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford, British Columbia. The public hearing was held from 18 January 2001 to 23 September 2003 (39 days) in Abbotsford. Sequence of events from January 2001 to September 2003:

- 18 to 20 January 2001 – Public hearing on preliminary matters and motions
- 19 February 2001 – Public hearing commence. At the request of SE2, the Hearing was adjourned
- 4 June 2002 – SE2 requested that the Board reconvene the public hearing
- 18 to 23 October 2002 – Public hearing on preliminary motions
- 26 May to 11 July 2003 – Hearing of evidence, oral presentations and some arguments
- 11 July 2003 – Hearing adjourned until 15 September
- 15 to 23 September 2003 – Hearing of final arguments and reply argument
- 23 September 2003 – Hearing closed.

On 30 December, the Board issued, pursuant to the *Canadian Environmental Assessment Act*, its Environmental Screening Report for public examination and comments.

Hearing Application Filed

1. *Westcoast Energy Inc. (WEI) – 2004 Interim and Final Tolls (File 4200-W005-16)*

On 1 December, WEI applied for approval of interim and final tolls for mainline transmission service in Zones 3 and 4 for the period 1 January to 31 December 2004. WEI estimates the cost of service for 2004 at approximately \$264.8 million which compares to the forecast of the 2003 cost of service of approximately \$245.7, an increase of approximately \$19.1 million. WEI also forecasts an average rate base for 2004 at \$1.105 million which

compares with the forecast rate base for 2003 at \$1.026 million, an estimated increase of \$79.4 million.

On 11 December, the Board decided that the current tolls for 2003 will apply on an interim basis effective 1 January 2004 until such time as the Board has obtained and considered the comments of interested parties regarding the interim tolls application. Interested person had until 23 December to comment and WEI had until 6 January to file reply comments.

On 23 December, the Board informed WEI that it was in receipt of WEI's letter dated 18 December and the Natural Gas Steering Committee's letter dated 17 November both of which requested that the Board set the application down for a hearing. Once the Board has determined that the application is complete, the Board will set the application down for a hearing and issue a hearing order.

As part of its consideration of the application, the Board has decided to hold a pre-hearing conference, led by Board staff, to discuss:

- which issues need to be addressed to dispose of the application and why, and
- the appropriate process and timing to deal with these issues.

Among other things, the Board is interested in determining whether parties believe that all the issues are best addressed through a public hearing, or whether some issues may be addressed through an alternative process with the involvement of the Board staff.

Non Hearing Applications

Electricity Matters

Matter Completed

1. *PPL EnergyPlus, LCC (PPL) – Electricity Export (File 6200-P121-1)*

On 9 December, the Board approved an application dated 14 October from PPL for permits to export up to 500 megawatts and 4 380 gigawatt hours of combined firm power and energy per year and 4 380 gigawatt hours of interruptible energy per year for a period of 10 years.

Matters Pending

2. *New York Power Authority (NYPA) – Electricity Export (File 6200-N100-1)*

On 24 September, NYPA applied for permits to export electricity, for a period of 10 years, on a firm or interruptible basis up to the interchange capability on the connection between the electric grid operated by Ontario's Independent Market Operator and the grid operated by the New York Independent System Operator, Inc.

3. *Teck Cominco Metals Ltd. (Teck) – Electricity Export (File 6200-T096-2)*

On 24 October, Teck applied for permits for export transfers of up to 3 500 gigawatt hours of firm and interruptible energy per year and up to 250 gigawatt hours of firm carrier transfer energy per year for a period of 10 years.

Frontier Matters

1. *Geophysical Service Incorporated (GSI) – Western Gulf of St. Lawrence Marine Seismic Program (File 9180-G705-38)*

On 5 December, the Board requested the Minister of the Environment to refer an application from GSI to gather up to 2 500 linear kilometres of 2D marine seismic data in the western Gulf of St.

Lawrence to a review panel.

In accordance with the *Canadian Environmental Assessment Act*, the Board sought and received comments from other federal departments and the public in respect of the project. The Board has determined that, taking into account the implementation of mitigation measures that are appropriate, the project may cause significant adverse environmental effects. The Board also determined that public concerns warrant a reference to a review panel.

2. *Chevron Texaco* was given approval on 4 and 23 December to drill the wells Ellice I-48 and Liard 3K-29 pursuant to section 83.(1) of the *Canada Oil and Gas Drilling Regulations (COGDR)*.

3. *Apache Canada Ltd.* was given approval on 12 December to drill the wells Nogha B-23 and Lac Maunoir C-34 pursuant to section 83.(1) of the COGDR for.

4. *Encana Corporation* was given approval on 16 and 23 December to drill the wells Begadéh J-66, Begadéh B-76 and Umiak N-16 pursuant to section 83.(1) of the COGDR.

5. *Northrock Resources Ltd.* was given approval on 23 December to drill the well Summit Creek B-44 pursuant to section 83.(1) of the COGDR.

6. *Geological, geophysical or geotechnical operations:* two applications were approved pursuant to section 5.1(b) of the *Canada Oil*

Company	Area	Operation ID	Date
Chevron Canada Resources	Mackenzie Delta NWT	9329-C143-003E	5 December
Chevron Canada Resources	Mackenzie Delta NWT	9329-C143-001DA (Data Purchase)	11 December

and Gas Operations Act.

Pipeline Matters

1. Section 58 Applications

The Board has approved applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

2. Safety Advisory (File 3750-A000-8)

On 3 December, the Board issued Safety Advisory NEB SA03-1 regarding several incidents attributed to vibration fatigue failure of piping within compressor stations and pump stations.

Traffic, Tolls and Tariffs Matters

Matters Completed

1. Enbridge Pipelines Inc. (Enbridge) – Depreciation Rates (File 4200-E101-1-2)

On 23 December, the Board approved an application dated 24 November from Enbridge for approval of new depreciation rates and the Technical Update to the 1999 Depreciation Study.

2. Gazoduc Trans Québec & Maritimes Inc. (TQM) – 2004 Interim Tolls (File 4200-T028-8)

On 24 December, the Board approved an application dated 19 December from TQM requesting to maintain and continue the current transportation tolls approved by Order TG-1-2003 as interim tolls effective 1 January 2004.

3. TransCanada PipeLines Limited (TCPL) – 2004 Interim Tolls – (File 4400-T001-23)

On 18 December, the Board approved an application dated 12 November from TCPL for interim tolls to be effective 1 January 2004 pending the filing and disposition of its 2004 Tolls Application. TCPL had requested approval of an interim Eastern Zone toll of \$1.222 per gigajoule, which compares to the current Eastern Zone toll of \$1.195 per gigajoule.

4. TransCanada PipeLines Limited, BC System (TCPL) – Statement of Interim Rates and Charges Effective 1 January 2004 and Amendments to the Gas Transportation Services Documents Tariff (GTSD) (File 4775-T054-2004-1)

On 15 December, TCPL applied for Interim Rates and Charges effective 1 January 2004 and amendments to the GTSD. TCPL proposed Firm Service Rates for 2004 to be 6.484 cents per gigajoule compared to 7.251 cents per gigajoule in 2003. The amendments to the GTSD are for a new Short-Term Firm Service when capacity is available.

On 30 December, the Board decided that the BC System Interim Rates and Charges should reflect a reduction in the revenue requirement of \$558 000 from the applied-for level pending the Board's approval of the final Effective Rates and Charges for 2004.

5. TransCanada PipeLines Limited (TCPL) – Fifth Report of the 2003 Tolls Task Force (4775-T001-1/03-5)

The Board has approved the following resolution of the 2003 Toll Task Force:

Resolution No.	Subject	Date approved
06.2003	IT Service Penalty (Additional Waiver Provision)	19 December

Matters Pending

6. Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.), Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2004 Operating and Maintenance Expense Budgets (File 4750-F006-1)

On 1 December, Foothills applied, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2004.

On 18 December, the Board advised Foothills that before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2003 costs and any variances from the amounts approved for 2003, both due to be filed with the Board by the end of February 2004. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2004 equal to 50 per cent of the budgets submitted.

7. *TransCanada PipeLines Limited (TCPL) – Mainline Open Season, Complaints – North Bay Junction (File 4775-T001-1-12)*

Several complaints were received by TCPL and the Board concerning TCPL's approach to its Mainline Open Season announced on 17 July. In its Open Season, TCPL offered service from receipt points that are not listed in its Tariff.

On 15 September, TCPL applied for approval to establish the North Bay Junction as a new receipt and delivery point and for approval of the associated tolls for services to and from this point. On 26 September, the Board decided to hold a

facilitated workshop to discuss the issues raised in the aforementioned letters of complaint. The Board held the workshop on 23 October and the Facilitator's Report was issued on 13 November.

On 14 November, the Board decided to stay the processing of the application until such time as TCPL files sufficient information to address the broader toll design issues. The Board will then determine whether to consider the application and the related information in a stand-alone proceeding or in conjunction with a future application.

Appeal and Review

Appeal

1. *TransCanada PipeLines Limited (TCPL) – NEB Decision RH-R-1-2002*

On 21 March, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's RH-R-1-2002 Decision issued on 20 February 2003. In this Decision, the NEB dismissed TCPL's September 2002 request for a Review and Variance of the Board's June 2002 RH-4-2001 Decision on the company's Fair Return application. In May, the Federal Court of Appeal granted TCPL leave to appeal.

Review Pending

2. *City of Hamilton – Judicial Review - Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003*

On 18 August, the City of Hamilton filed a Notice of Application for Judicial Review with the Federal Court of Appeal. The Notice seeks, among other things, a declaration that the *Canadian Environmental Assessment Act* (CEA Act) does not apply to the TNPI application and that no environmental screening is or was required to be carried out by the Board under the CEA Act in respect of the application.

The Board filed with the Court a Notice of Appearance. The Application has been put into abeyance until 30 days after the Board's decision on the TNPI application as a result of a consent motion to the court.

Amendments to Regulations and Guidelines

Regulatory Initiatives Pursuant to the *National Energy Board Act*

1. *Guidelines for Filing Requirements, 1995 (GFR)*

On 2 December, the Board provided an opportunity for the public to review the final draft of the *NEB Filing Manual* (formerly called the *Guidelines for Filing Requirement, 1995*). Comments must be received at the Board by 23 January 2004. The final Filing Manual will be released by the end of March 2004.

In September 2003, the Board invited comments on six draft sections of the document. The Board is currently using this input to prepare a complete draft document. Originally, the Board planned to release the final Filing Manual in December 2003. However, the Board has been very pleased with the progress of the review project and believes that public review of the draft document would strengthen the final product.

2. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations*

On 14 November, the Board sought comments from the public on the *Draft Guidance Notes for the National Energy Board Damage Prevention Regulations*. The document contains the draft legal text of the Board's proposed *Damage Prevention Regulations* and the proposed guidance. The deadline for written comments is 31 March 2004.

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as *Damage Prevention Regulations*). The Board has been held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

Regulatory Initiatives Pursuant to the *Canada Oil and Gas Operations Act*

3. *Canada Oil and Gas Diving Regulations and Guidance Notes*

For more information on this matter, refer to item 4 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

4. *The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations*

For more information on this matter, refer to item 5 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

5. *The Canada Oil and Gas Geophysical Operations Regulation (Regulations)*

The Regulations are being amended in order to satisfy concerns raised by the Standing Joint Committee for the Scrutiny of Regulations and to reflect advances in electronic data storage and communications. Some of the changes are designed to render provisions of the Regulations consistent in both official languages and to reflect changes made since the adoption of the *Department of Canadian Heritage Act*.

Regulatory Initiatives Pursuant to the *Canada Labour Code*

6. *Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II*

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

Communication Numbers

General Information:

(403) 292-4800
1-800-899-1265

Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
Email: publications@neb-one.gc.ca

Web Site:

www.neb-one.gc.ca

Telephone Numbers:

For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: *About Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Canadian Hunter Exploration Ltd.	File: 3400-C087-13 Order: XG-C087-??-2003	Application dated 4 April; approved on 18 December. Construct 3.5 km of 219.1 mm pipeline from the Windsor Field in B.C. to the Elmworth gas gathering system in Alberta.	815 000
Westcoast Energy Inc.	File: 3400-W005-309 Order: XG-W005-49-2003	Application dated 26 May; approved on 18 December. Reactivate the Pesh Pipeline from km 0.0 to km 11.17.	370 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File : 3400-E101-62 Order : XO-E101-22-2003	Application dated 7 November; approved on 22 December. Replace the Suncor Lateral, consisting of 1.7 km of pipeline in the City of Sarnia and deactivate 120 metres of that line beneath the confluence of Talfourd and Marsh Creeks.	3 257 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the *Canada Labour Code*.

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